The National Child Benefit

2001

Progress Report

What is the National Child Benefit?

The National Child Benefit (NCB) is a partnership between federal, provincial and territorial governments[1] and First Nations that aims to help prevent and reduce the depth of child poverty.

As a result of the coordinated efforts of federal, provincial and territorial governments and First Nations, the NCB has improved the way child benefits and services are provided to low-income families. This improvement in the delivery of child benefits aims to promote attachment to the labour market by ensuring that families will always be better off as a result of working.

How the NCB Works

The NCB provides monthly payments to low-income families with children, along with benefits and services designed to help low-income families in each province and territory to raise their children.

Under the NCB, the Government of Canada has increased the benefits it pays to all low-income families with children, regardless of their source of income, through the NCB Supplement. In turn, most provinces, territories and First Nations have adjusted social assistance benefits provided on behalf of children by the full or partial amount provided under the NCB Supplement[2]. These social assistance adjustments have allowed provinces and territories to pay for new and expanded benefits and services for low-income families with children.

In all jurisdictions, no family receiving social assistance has experienced a reduction in its overall level of income support as a result of introducing the NCB.

Lowering the "Welfare Wall"

Before the NCB, moving into a job often meant only a slight overall increase in disposable income, and could mean that parents could lose important income benefits that their children received under social assistance programs. Moreover, low-income working families were often not eligible for the supplementary health, dental and prescription drug benefits provided to families receiving social assistance. As a result, some families may have been worse off financially in low-paying jobs compared to being on welfare.

The NCB was designed to help lower this "welfare wall" by providing child benefits outside of welfare and enhanced benefits and services for children that continue when parents move into jobs.

Impact of the National Child Benefit – Monitoring Progress

The number of low-income families with children is still on the decline. The proportion of families with children living in low income dropped from 20.4 percent in 1996 to 17.2 percent in 1999. While this decline is mostly due to the strong economic performance experienced in the late 1990s, the NCB initiative has also contributed to that trend in improving the situation for families with children.

For the first time, the *NCB Progress Report: 2001* reports on direct impacts the NCB is having in preventing and reducing child poverty, which is a key goal of the NCB.

Annual maximum CCTB (including the NCBS) fo
for families with net incomes below $22,397 in

NUMBER OF CHILDREN	BASIC CCTB
1st child	$1,151
2nd child	$1,151
3rd & each additional child	$1,231

Families with net incomes between $22,397 and $32,960 in 2001 qualify for the m
between $32,960 and $79,000 in 2001 qualify for a part of the basic CCTB. There is
child less than seven years of age for whom no child care expenses were claimed

In 1999, as a result of the NCB:

- Approximately 1.2 million families with 2.1 million children saw an increase in their income.
- Low-income families saw their income increase on average by $775[3].
- The number of low-income families with children decreased by approximately 2.4 percent (about 16,500 families with approximately 33,800 children).
- There was a reduction of almost 6.5 percent in the low-income gap (the total amount of income families would need to leave low income)[4, 5].

These positive trends demonstrate that the NCB is working and is a good example of federal/provincial/ territorial and First Nations cooperation.

The Federal Government's Contribution

The Government of Canada provides payments to families with children through the Canada Child Tax Benefit (CCTB). There are two parts to the CCTB:

- The **basic benefit** provides child benefits to all low- and middle-income families. More than 80 percent of Canadian families with children receive this basic benefit.
- The **NCB Supplement** provides low-income families with additional child benefits on top of the basic benefit. This is how the Government of Canada is contributing to the NCB.

More benefits for Canadian families

The federal investment in the NCB Supplement, which is delivered through the CCTB, has increased dramatically, up to an estimated $2.5 billion in 2001-2002. Overall, the support to families with children provided by the CCTB reached an estimated $7.9 billion in 2001-2002.

Since 2000, the CCTB has been fully indexed, making sure that benefits increase with inflation.

In 2002-2003, maximum benefits for most families will reach $2,444 for the first child, $2,238 for the second child and $2,240 for each additional child.

Approximately 1.5 million families with about 2.6 million children will benefit from the NCB Supplement.

About 80 percent of all Canadian families with approximately 5.9 million children will benefit from the CCTB in 2002-2003.

By 2004, CCTB maximum benefits, which include the NCB Supplement, will increase to more than $2,500 for the first child and $2,300 for the second and for each additional child totalling more than $4,800 for a two-child low-income family.

Provincial and Territorial NCB Investments

As part of the NCB initiative, provinces and territories are investing in programs and services for low-income families with children.

) for the July 2002 to June 2003 benefit year
' in 2001

NCBS	TOTAL	MONTHLY BENEFIT
$1,293	$2,444	$203.66
$1,087	$2,238	$186.50
$1,009	$2,240	$186.66

the maximum basic CCTB and part of the NCB Supplement. Families with net incomes
ıere is also an additional supplement of $228 per year ($19 per month) provided for each
ned.

www.national

In 2001-2002 – the third full year of the NCB – provinces, territories and First Nations invested an estimated $734.7 million in NCB programs and services in five main areas[7]:

- **Child benefits and earned income supplements** – to provide low-income families with more money, and help parents stay in jobs, working toward higher wages.
- **Child/day care initiatives** – to help low-income families cover the extra child care costs they have because they are working.
- **Early childhood services and children-at-risk services** – to support low-income families when their children are very young, so they can give their kids a healthy start in life.
- **Supplementary health benefits** – to make sure that families can keep important health benefits when they move from welfare to work.
- **Other NCB initiatives** – programs and services to meet the particular needs of children in each province and territory.

First Nations and the National Child Benefit

The federal government is responsible for making sure there are programs for First Nations children on reserve that are comparable to those available to other Canadian children. About 600 First Nations across the country are part of the NCB. Each community runs its own NCB programs. In 2001-2002, First Nations NCB reinvestments were estimated at $59.5 million. Details on First Nations programs and services can be found in the forthcoming 2001 First Nations NCB Progress Report being prepared by Indian and Northern Affairs Canada.

childbenefit.ca

The Way Ahead

The *National Child Benefit Progress Report: 2001* reveals for the first time that the NCB has been successful in reducing and preventing child poverty[8]. It is expected that the impacts may further increase for 2000 and 2001. These impacts will be reported on in future NCB Progress Reports.

While these results are encouraging, we recognize that challenges remain in addressing child poverty and helping low-income families.

A more in-depth evaluation of the NCB is underway and will be reported on in detail in the next NCB Progress Report.

For more information, please see the National Child Benefit Website at http://www.nationalchildbenefit.ca

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[1] The Government of Quebec has stated that it agrees with the basic principles of the National Child Benefit (NCB). Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec, however it has adopted a similar approach. Throughout this pamphlet, references to joint federal/provincial/territorial positions do not include Quebec.

[2] For a complete description of provincial/territorial social assistance adjustments/reinvestment models please see Progress Report: 2001 or the National Child Benefit Website at http://www.nationalchildbenefit.ca

[3] Results are based on pre-tax LICOs for the period of July 1999 to June 2000. Based on post-tax LICOs, low-income families saw an average increase of $765 in their income due to the NCB.

[4] The impact analysis excludes the $260 million spent on the NCB, which would have been spent in 1999 had the 1996 Working Income Supplement continued, and approximately $160 million of provincial/territorial NCB reinvestments and investments in in-kind benefits in 1999.

[5] Results are based on pre-tax Low-Income Cut-Offs (LICOs). Based on post-tax LICOs, the NCB reduced the number of low-income families by 5.4 percent (or 28,500 families with 69,200 children). Based on post-tax LICOs, the NCB reduced the low-income gap by 9 percent.

[6] The Alberta provincial government varies the amount of the basic benefit its residents receive. The basic benefit for Albertans is $1,055 for children under 7, $1,126 for children 7 to 11, $1,260 for children 12 to 15, and $1,335 for children 16 and 17, plus an additional supplement of $80 per year for the third and each additional child.

[7] This pamphlet does not include data on investments and reinvestments for Quebec. All Quebec residents benefit in the same way as other Canadians from the Canada Child Tax Benefit. Moreover, they benefit from important investments made by the Quebec government, in the context of its family policy, in services for families and children.

[8] For the year 1999.

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La Prestation nationale pour enfants

2001

Rapport d'étape

En quoi consiste la Prestation nationale pour enfants?

La Prestation nationale pour enfants est un partenariat entre les gouvernements fédéral, provinciaux et territoriaux[1], et les Premières nations, qui vise à aider à réduire l'étendue de la pauvreté chez les enfants et à la prévenir.

Grâce aux efforts coordonnés des gouvernements fédéral-provinciaux-territoriaux et des Premières nations, la PNE a amélioré la méthode de versement des prestations et de prestation des services pour enfants aux familles à faible revenu. Cette amélioration du versement des prestations pour enfants vise à favoriser la participation au marché du travail en veillant à ce qu'il soit toujours plus avantageux, pour les familles, de travailler.

Fonctionnement de la PNE

La PNE verse des prestations mensuelles aux familles à faible revenu avec enfants, et offre des prestations et services conçus pour aider les familles à faible revenu dans chaque province et territoire à élever leurs enfants.

Dans le cadre de la PNE, le gouvernement du Canada a augmenté les prestations pour enfants qu'il verse à toutes les familles à faible revenu, par l'entremise du Supplément de la PNE, que les parents travaillent ou touchent l'aide sociale. De leur côté, la plupart des provinces, territoires et Premières nations ont rajusté le soutien du revenu qu'ils accordent pour les enfants du montant intégral ou d'une partie du montant versé par le Supplément de la PNE[2]. Ces rajustements de l'aide sociale ont permis aux provinces et territoires de verser des prestations et d'offrir des services nouveaux et bonifiés aux familles à faible revenu avec enfants.

Dans toutes les provinces et tous les territoires, aucune famille bénéficiaire de l'aide sociale n'a subi une réduction du montant global de soutien du revenu qu'elle reçoit par suite de l'instauration de la PNE.

Comment abattre le « mur de l'aide sociale »

Avant l'instauration de la PNE, se détacher de l'aide sociale pour occuper un emploi signifiait souvent que plusieurs parents ne voyaient seulement qu'une faible amélioration de leurs revenus disponibles parce qu'ils devaient entre autres abandonner des prestations de revenu importantes qu'ils touchaient au titre de leurs enfants dans le cadre des programmes d'aide sociale. En outre, les familles de travailleurs à faible revenu n'étaient souvent pas admissibles aux prestations supplémentaires pour les services de santé, les soins dentaires et les médicaments d'ordonnance versées aux familles bénéficiaires de l'aide sociale. En conséquence, il est possible que certaines familles aient été en réalité en plus mauvaise situation financière en occupant un emploi peu rémunéré qu'en recevant de l'aide sociale.

La PNE a été conçue pour aider à abattre ce « mur de l'aide sociale » en versant des prestations pour enfants hors du cadre de l'aide sociale et des prestations et services supplémentaires pour enfants, qui continuent d'être versées lorsque les parents prennent un emploi.

Impact de la PNE – Suivi des progrès

Le nombre de familles à faible revenu avec enfants continue de diminuer. La proportion de familles à faible revenu avec enfants est passée de 20,4 p.100 en 1996 à 17,2 p.100 en 1999. Bien que cette diminution soit attribuable pour la plupart à la bonne tenue de l'économie à la fin des années 90, l'initiative de la Prestation nationale pour enfants (PNE) a également contribué à cette tendance en améliorant la situation des familles avec enfants.

Pour la première fois, le document *La Prestation nationale pour enfants – Rapport d'étape: 2001* contient des résultats sur l'impact direct de la PNE sur la prévention et la réduction de l'étendue de la pauvreté chez les enfants, qui constitu un objectif important de la PNE.

En 1999, grâce à la PNE :

- Le revenu de quelque 1,2 million de familles comptant 2,1 millions d'enfants a augmenté.
- Le revenu des familles à faible revenu avec enfant a augmenté, en moyenne, de 775$[3].
- Le nombre de familles à faible revenu a baissé d'environ 2,4 p. 100 (soit quelque 16 500 familles comptant près de 33 800 enfants).
- L'écart de faible revenu (le montant total de revenu dont les familles auraient besoin pour sortir de la catégorie du faible revenu) a été réduit de près de 6,5 p. 100[4,5].

Ces tendances positives montrent que la PNE, qui donne de bons résultats, est un bon exemple de collaboration entre les gouvernements fédéral, provinciaux et territoriaux et les Premières nations.

Contribution du gouvernement fédéral

Le gouvernement du Canada verse des prestations aux familles avec enfants par l'entremise de la Prestation fiscale canadienne pour enfants (PFCE), qui a deux volets :

- La **prestation de base** assure des prestations pour enfants à toutes les familles à revenu faible et moyen. Plus de 80 p. 100 des familles canadiennes avec enfants touchent cette prestation de base.

PFCE maximale annuelle (incluant le Supplément de la PNE) pour l'année de prestation de juillet 2002 à juin 2003, pour les familles dont le revenu net est inférieur à 22 397 $ en 2001

NOMBRE D'ENFANTS	PFCE DE BASE	SUPPLÉMENT DE LA PNE	TOTAL	PRESTATION MENSUELLE
Premier enfant	1 151 $	1 293 $	2 444 $	203,66
Deuxième enfant	1 151 $	1 087 $	2 238 $	186,50
Troisième enfant et chaque enfant suivant	1 231 $	1 009 $	2 240 $	186,66

Les familles dont le revenu net se situe entre 22 397 $ et 32 960 $ en 2001 sont admissibles à la prestation de base maximale de la PFCE et à une partie du SPNE. Les familles dont le revenu net se situe entre 32 960 $ et 79 000 $ en 2001 sont admissibles à une partie la prestation de base de la PFCE. En outre, une prestation additionnelle de 228 $ par an (19,00 $ par mois) est versée pour chaque enfant de moins de sept ans pour lequel on n'a pas réclamé de déduction pour frais de garde.

- Le **Supplément de la PNE** procure des prestations supplémentaires aux familles à faible revenu en plus de la prestation de base. C'est ainsi que le gouvernement du Canada contribue à la PNE.

Davantage de prestations pour les familles canadiennes

L'investissement fédéral dans le Supplément de la PNE, qui est versé dans le cadre de la PFCE, a considérablement augmenté, jusqu'à environ 2,5 milliards de dollars en 2001-2002. Le montant total des bénéfices versés aux familles avec enfants par l'entremise de la PFCE s'élevait à environ 7,9 milliards de dollars en 2001-2002.

Depuis 2000, la Prestation fiscale canadienne pour enfants est entièrement indexée, ce qui assure que le montant des prestations augmentera proportionnellement à l'inflation.

En 2002-2003, les prestations maximales versées à la plupart des familles atteindront 2 444 $ pour le premier enfant, 2 238 $ pour le deuxième enfant, et 2 240 $ pour chaque enfant suivant.

Quelque 1,5 million de familles comptant 2,6 millions d'enfants bénéficieront du Supplément de la PNE.

Environ 80 p. 100 de toutes les familles canadiennes comptant environ 5,9 millions d'enfants toucheront la PFCE en 2002-2003.

D'ici à 2004, les prestations maximales de la PFCE, qui comprend le Supplément de la PNE, augmenteront à plus de 2 500 $ pour le premier enfant et 2 300 $ pour le deuxième enfant et chaque enfant suivant, soit des prestations totales dépassant 4 800 $ pour une famille à faible revenu de deux enfants.

Investissements des provinces et territoires dans le cadre de la PNE

Dans le cadre de l'initiative de la PNE, les provinces et territoires investissent dans les programmes et services pour les familles à faible revenu avec enfants.

En 2001-2002 (la troisième année complète de fonctionnement de la PNE), les provinces, les territoires et les Premières nations ont investi environ 734,7 millions de dollars dans les programmes et services liés à la PNE dans cinq secteurs clés :

- **Les prestations pour enfants et les suppléments au revenu gagné** – visant à fournir davantage de fonds aux familles à faible revenu et aider les parents à continuer de travailler et à en arriver à un emploi mieux rémunéré.
- **Les initiatives liées à la garde d'enfants et aux garderies** – visant à aider les familles à faible revenu à assumer les coûts supplémentaires de garde d'enfants liés au travail.
- **Les services à la petite enfance et aux enfants à risque** – visant à aider les familles à faible revenu lorsque leurs enfants sont très jeunes pour qu'elles puissent leur donner un bon départ dans la vie.
- **Les prestations d'assurance-maladie complémentaires** – visant à s'assurer que les familles peuvent continuer de recevoir les prestations de santé importantes lorsqu'elles quittent l'aide sociale pour prendre un emploi.
- **Les autres initiatives liées à la PNE** – visant à offrir des programmes et services afin de satisfaire les besoins particuliers des enfants dans chaque province et territoire.

Les Premières nations et la Prestation nationale pour enfants

Le gouvernement fédéral doit s'assurer que les enfants des Premières nations dans les réserves disposent des mêmes programmes que les autres enfants canadiens. Environ 600 Premières nations de partout au Canada participent à l'initiative de la PNE. Chaque collectivité exécute ses propres programmes liés à la PNE. En 2001-2002, les réinvestissements des Premières nations dans le cadre de la PNE ont été estimées à 59,5 millions de dollars. On peut trouver les détails des programmes et services des Premières nations dans le Rapport d'étape 2001 sur la PNE des Premières nations à paraître. Ce rapport est préparé par le ministère des Affaires indiennes et du Nord canadien (MAINC) du Canada.

www.prestationnationalepourenfants.ca

L'avenir

Pour la première fois, le document *La Prestation nationale pour enfants : Rapport d'étape 2001* révèle que la PNE a réussi à réduire la pauvreté chez les enfants et à la prévenir[8]. Selon les prévisions, l'impact de la PNE sera peut-être encore plus grand en 2000 et 2001. Cet impact sera présenté dans les rapports d'étape sur la PNE futurs.

Bien que ces résultats soient encourageants, nous reconnaissons que des défis restent à relever afin d'aborder l'enjeu de la pauvreté chez les enfants et d'aider les familles à faible revenu.

Une évaluation en profondeur de la PNE est en cours, et ses résultats seront présentés en détail dans le prochain Rapport d'étape sur la PNE.

Pour de plus amples renseignements, veuillez vous rendre au site Web de la Prestation nationale pour enfants, à l'adresse suivante :
http://www.prestationnationalepourenfants.ca

Le gouvernement du Québec a déclaré être d'accord avec les principes fondamentaux de la Prestation nationale pour enfants (PNE). Le Québec a choisi de ne pas participer à la PNE parce qu'il souhaite conserver le contrôle du soutien du revenu pour les enfants du Québec mais il a adopté une démarche comparable. Dans cette brochure, toutes références à des dispositions conjointes des gouvernements fédéral, provinciaux et territoriaux n'incluent pas le Québec.

On trouvera la description complète des modèles provinciaux-territoriaux de rajustement de l'aide sociale et de réinvestissement dans le document « La Prestation nationale pour enfants : Rapport d'étape 2001 » ou sur le site Web de la Prestation nationale pour enfants à l'adresse suivante : http://www.prestationnationalepourenfants.ca

Les résultats se fondent sur le SFR avant impôt entre juillet 1999 et juin 2000.

En se fondant sur le SFR après impôt, le revenu des familles à faible revenu a augmenté, en moyenne, de 765 $, grâce à la PNE.

L'analyse de l'incidence ne tient pas compte des 260 millions de dollars dépensés au titre de la PNE, qui auraient été dépensés en 1999 si le Supplément au revenu gagné de 1996 avait été maintenu, et des quelque 160 millions de dollars de réinvestissements et d'investissements provinciaux et territoriaux dans le cadre de la PNE sous forme de prestations en nature en 1999.

Les résultats se fondent sur le seuil de faible revenu (SFR) avant impôt. En se fondant sur le SFR après impôt, la PNE a réduit le nombre de familles à faible revenu de 5,4 p. 100 (soit 28 500 familles comptant 69 200 enfants). En se fondant sur le SFR après impôt, la PNE a permis de réduire l'écart de faible revenu de 9 p. 100.

Le gouvernement provincial de l'Alberta varie le montant de la prestation de base que ses résidants reçoivent. La prestation de base pour les Albertains est de 1 055 $ pour les enfants de moins de sept ans, de 1 126 $ pour les enfants de sept à 11 ans, de 1 260 $ pour les enfants de 12 à 15 ans et de 1 335 $ pour les enfants de 16 et 17 ans, plus un supplément additionnel de 80 $ par an pour le troisième enfant et chaque enfant suivant.

La présente brochure ne comprend pas de données sur les investissements et réinvestissements du Québec. Tous les résidants du Québec bénéficient de la Prestation fiscale canadienne pour enfants, tout comme les autres Canadiens et Canadiennes. En outre, ils bénéficient des investissements importants faits par le gouvernement du Québec, dans le contexte de sa politique de la famille, dans les services pour les familles et les enfants.

En 1999.

The National Child Benefit

2001

Progress Report

May 2002

This document is also available on the federal/provincial/ territorial Internet Web site at http://www.nationalchildbenefit.ca

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Message from Federal/Provincial/Territorial Ministers Responsible for Social Services

The National Child Benefit (NCB) is a joint initiative of Canada's federal, provincial and territorial governments[1] – an innovative and progressive approach to supporting Canada's children.

The NCB is an important initiative to help children get the best start in life. Governments recognize that child poverty has long-term consequences for children and society; they also recognize that families are better off when parents are supported in their efforts to participate in the labour market. The NCB addresses these challenges by creating a secure national platform of child benefits and improving the services and supports provided to low-income families with children. These developments are critical to an effective, long-term approach to reducing low income among families with children.

The NCB is part of a broader child benefit system, which includes provincial and territorial child benefit programs and the Canada Child Tax Benefit. This report focuses only on the NCB initiative. During the development of the NCB, federal, provincial and territorial governments agreed that regular reporting on its progress is essential to remaining accountable to Canadians. Our commitment to accountability remains strong, and this report represents an additional step forward in providing information on the implementation of the NCB, the programs and services being delivered, and the impact of the initiative on low-income Canadian families.

This report presents updated information on government investments and reinvestments in NCB-related initiatives. For the first time, this report also provides information on the direct impact the NCB is having on low-income families with children as of 1999. The report finds that:

- an estimated 1.2 million families with about 2.1 million children saw an increase in their income;
- the low-income gap was reduced by 6.5 percent[2].
- low-income families with children saw an average increase of $775 in their income[3]; and
- the number of low-income families with children was reduced by 2.4 percent or 16,500 families with 33,800 children[4].

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[1] The Government of Quebec has stated that it agrees with the basic principles of the NCB. Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec; however, it has adopted a similar approach to the NCB. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec

[2] Results are based on pre-tax Low Income Cut-Offs (LICOs). For results based on post-tax LICOs, please see text box on page 22

[3] Results are based on pre-tax LICOs for the period of July 1999 to June 2000. For results based on post-tax LICOs, please see Appendix 3.

[4] Results are based on pre-tax LICOs. For results based on post-tax LICOs, please see text box on page 22.

These impacts are expected to increase since the NCB became more generous in 2000 and 2001. In 1999, the Government of Canada, along with provincial and territorial governments, invested $950 million in the income component of the NCB. By 2001, it is estimated that total government investments in the income component of the NCB will represent approximately twice that amount. These results will be included in future Progress Reports.

We are encouraged to see that the NCB is having an impact in preventing and reducing child poverty. We are also encouraged by the improvement in the delivery of child benefits to low-income families brought about the NCB. This improvement in the delivery of child benefits is important to support low-income working families with children. We believe that the NCB is making a positive contribution toward improving the future prospects of children in low-income families, and the impact results in the Progress Report confirm this.

The NCB is an important part of Canadian social policy. We are committed to a reporting process and we are pleased to share our findings with Canadians.

Federal, Provincial and Territorial Ministers Responsible for Social Services

Executive Summary

The National Child Benefit (NCB) is a joint initiative of Canada's federal, provincial and territorial governments[5] designed to prevent and reduce the depth of child poverty, support parents as they move into the labour market and reduce duplication and overlap of government programs.

The NCB is part of a broader child benefit system, which includes provincial and territorial child benefit programs and the Canada Child Tax Benefit. This report focuses only on the NCB initiative. Under the NCB Governance and Accountability Framework, federal, provincial and territorial governments committed to reporting on the performance of the NCB initiative annually. This is the third NCB Progress Report published to date.

As part of the NCB, the Government of Canada has increased the child benefits it provides to all low-income families with children. In turn, most provinces, territories and First Nations have adjusted the income support they provide to children through social assistance programs while making sure total benefits to those families remain at least as high as they were before the NCB was introduced. These social assistance adjustments have made funds available for reinvestment in new and enhanced benefits and services for low-income families with children, and they have made benefits equal for all low-income families.

This report describes progress toward the NCB goals since the initiative's inception. It includes:

- an update on general trends up to 1999 (Chapter 3);
- information on the direct impacts of the NCB for 1999 (Chapter 4);
- an overview of the Canada Child Tax Benefit and the NCB Supplement (Chapter 5); and
- an update on provincial, territorial, First Nations and Citizenship and Immigration Canada's NCB expenditures for 1999-2000 and 2000-2001 and estimates for 2001-2002 (Chapter 6).

Key general trends as of 1999 (based on the most recent information available) for low-income families with children include the following[6]:

- The percentage of low-income families with children continued to decline. After declining from a high point of 20.4 percent in 1996 to 17.9 percent in 1998, the incidence of low income dropped to 17.2 percent in 1999. But, 17.2 percent is still above the low of 14.6 percent achieved in 1989.
- Corresponding to this trend, the total number of Canadian children living in low-income families peaked at 1,499,000 in 1996 before decreasing to 1,338,000 in 1998 and 1,298,000 in 1999.

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[5] The Government of Quebec has stated that it agrees with the basic principles of the NCB. Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec; however, it has adopted a similar approach to the NCB. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.

[6] These trends are based on Statistics Canada's pre-tax LICOs. For post-tax LICOs the incidence of low income was 12.8 percent and the additional amount of income needed, on average, by a low-income family to reach the low-income line was $6,255 in 1999.

- The situation of families with children who were living below the low-income lines (known as the "depth of low income") showed signs of improvement. On average, expressed in 1999 dollars, the additional amount of income needed by a low-income family to reach the low-income line was $8,625 in 1999 compared to $9,215 in 1996.

For the first time, the NCB Progress Report provides information on how successful the NCB has been in meeting its goal to help prevent and reduce the depth of child poverty in Canada. As a direct result of the NCB, in 1999[7]:

- an estimated 1.2 million families with about 2.1 million children saw an increase in their income;
- the low-income gap was reduced by 6.5 percent[8].
- low-income families with children saw an average increase of $775 in their income[9]; and
- the number of low-income families with children was reduced by 2.4 percent or 16,500 families with 33,800 children[10].

These impacts are expected to increase since the NCB became more generous in 2000 and 2001. In 1999, the Government of Canada, along with provincial and territorial governments, invested $950 million in the income component of the NCB. By 2001, it is estimated that total government investments in the income component of the NCB will represent approximately twice that amount.

In addition, the NCB, through the collaboration of federal, provincial and territorial governments, has also established a fundamental improvement to the way children's benefits are provided to low-income families with children. This improvement suggests that the NCB is meeting its objectives of reducing overlap and duplication.

An evaluation of the NCB is currently underway. It focuses on the direct impact of the NCB on low-income families with children. The evaluation results will be the primary feature of the next NCB Progress Report.

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[7] The impact analysis excludes the $260 million spent on the NCB, which would have been spent in 1999 had the 1996 Working Income Supplement continued, and the approximately $160 million of provincial/territorial NCB reinvestments and investments in in-kind benefits in 1999.

[8] Results are based on pre-tax LICOs. Based on post-tax LICOs, the NCB reduced the low-income gap by 9.0 percent.

[9] Results are based on pre-tax LICOs for the period of July 1999 to June 2000. Based on post-tax LICOs, low-income families saw an average increase of $765 in their income due to the NCB (please see Appendix 3).

[10] Results are based on pre-tax LICOs. Based on post-tax LICOs, the NCB reduced the number of low-income families by 5.4 percent (or 28,500 families with 69,200 children), please see Appendix 2.

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1. The Purpose of This Report

The National Child Benefit (NCB) Progress Report: 2001 is the third report on the efforts of Canada's federal, provincial and territorial governments[11] to reduce and prevent child poverty, help parents find and keep work, and reduce program overlap and duplication.

This report describes progress toward NCB goals since the initiative's inception in 1998, with a particular focus on the 1999-2000 and 2000-2001 program years. Provincial, territorial and First Nations expenditures on NCB-related programs are provided for 1999-2000 and 2000-2001, and estimates are used for 2001-2002.

For the first time, *The NCB Progress Report: 2001* contains results on the impact of the NCB for low-income Canadian families by looking at how the NCB has directly impacted the incidence and depth of child poverty.

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[11] The Government of Quebec has stated that it agrees with the basic principles of the NCB. Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec; however, it has adopted a similar approach to the NCB. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.

2. What Is the National Child Benefit?

In 1998, federal, provincial and territorial governments launched the National Child Benefit (NCB), which includes a First Nations component.

The NCB initiative has three goals:

1. to help prevent and reduce the depth of child poverty;
2. To promote attachment to the labour market by ensuring that families will always be better off as a result of working; and
3. To reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.

The NCB aims to help all low-income families achieve more financial security by providing stable child benefits, and to help break the cycle of poverty by offering additional programs and services consistent with these goals.

How the NCB Works

Under the NCB, the Government of Canada has increased the child benefits it provides to low-income families with children through the National Child Benefit Supplement component of the Canada Child Tax Benefit (CCTB). This provides a basic level of income support for children whether their parents are in the labour market or receiving social assistance. In turn, most provinces, territories and First Nations have adjusted the income support they provide to children through social assistance programs[12]. These adjustments have been designed to make sure families are better off working while also ensuring that total benefits to families receiving social assistance remain at least as high as they were before the NCB was introduced.

These social assistance adjustments have made funds available for reinvestments in new and enhanced benefits and services for low-income families with children. The goal is to make it easier for low-income parents to move into and stay in employment, as they receive a basic benefit for their children that continues regardless of whether they are in the labour market or receiving social assistance. In addition, their children can benefit from provincial/territorial NCB reinvestment programs.

The NCB is an effort to address child poverty and the well-being of families by building a national platform of child benefits for low-income families with children. Its defining characteristics include the following:

- It provides a basic income benefit for Canadian children in low-income families, delivered independently of social assistance.
- It is based on an income test using information from the income tax system.

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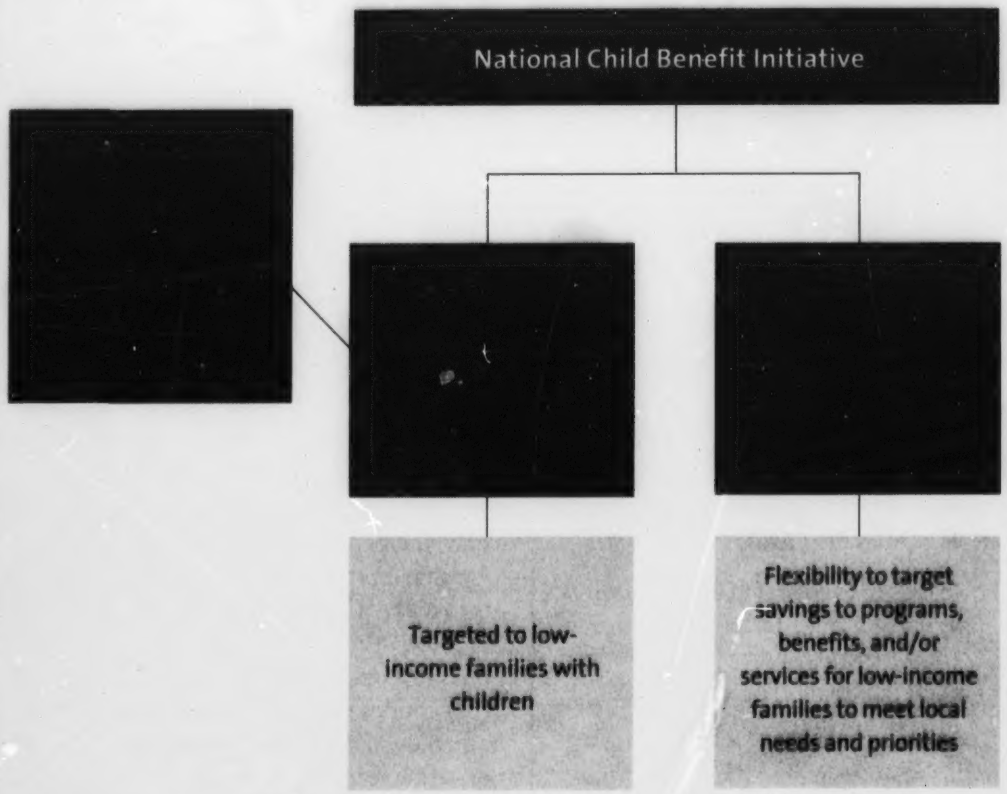
[12] For a complete description of provincial/territorial social assistance adjustments/reinvestment models please see Appendix 5 or the National Child Benefit Website at http://www.nationalchildbenefit.ca.

FIGURE 1

How Does the National Child Benefit Work?


National Child Benefit Initiative
Targeted to low-income families with children
Flexibility to target savings to programs, benefits, and/or services for low-income families to meet local needs and priorities

- It is part of the larger CCTB, which provides benefits to 80 percent of all Canadian families with children.
- It is supplemented by provincial/territorial benefits and services targeted to low-income families with children (e.g. child benefits and earned income supplements; child/day care initiatives; early childhood services and children-at-risk services; and supplementary health benefits).

Governments recognize that the NCB is just one of many factors that affect child poverty and the well-being of families. For example, economic conditions, changing family structures, and the availability of other government and private-sector benefits and services also play roles.

Lowering the "Welfare Wall"

Before the NCB, some government programs created to help low-income families unintentionally made it difficult for parents to be employed. Moving to employment from social assistance meant that many low-income families with children saw only a slight overall increase in disposable income as a result of working. However, moving to employment from social assistance also often meant not only giving up income benefits, but in-kind benefits such as supplementary health, vision, dental and prescription drug benefits for their children. In addition, some families moving into the labour market had difficulty paying work-related expenses such as child care, clothing and transportation, income taxes, Employment Insurance premiums and Canada Pension Plan contributions. Some parents may have been worse off financially in low-paying jobs compared to being on welfare. The term "welfare wall" is used to describe barriers that can make it more difficult for people to move from social assistance to the labour market.

For example, immediately before the introduction of the NCB in July 1998, combined annual federal/provincial/territorial child benefits ranged from about $2,220 to $2,820 per child for families receiving social assistance. Benefits for children provided through social assistance are reduced in the same manner as other social assistance income benefits. As a result, benefits for children in low-income working families not in receipt of social assistance were reduced to a maximum of $1,520 annually for one child. For two children, the difference was even greater. Before the NCB, a family with one child under seven and one child over seven received an average of $5,253 in child benefits if it was on social assistance – close to double the $2,753 in child benefits going to the same low-income family not on social assistance.

In addition to financial factors, many low-income parents also encountered education and life skill barriers (e.g. job acquisition skills, search and interview techniques) that made it even more difficult for them to make the transition into the labour force.

The NCB was designed to help lower the welfare wall by ensuring that families leaving social assistance were better off as a result of working. The NCB is building a platform of child benefits outside of welfare and providing enhanced benefits and services so that when parents move from social assistance to work, essential supports for their children remain in place.

An Example of the NCB in Action

Each province and territory is enhancing its own program of benefits and services for low-income families to help advance the goals of the NCB. Figure 2 illustrates how the NCB is lowering the welfare wall by comparing how much disposable income a family would receive from employment with what it would receive on social assistance, both before and after the establishment of the NCB.

This Progress Report looks at Nova Scotia, which restructured its social assistance system in July 2001 to provide child benefits outside the social assistance system through the Personal Income Tax System[13].

As illustrated in Figure 2, before the introduction of the NCB, a one-parent family with one young child living in Halifax and working 35 hours a week at minimum wage had an annual disposable income of about $12,100. This is identical to what the parent would have received through social assistance. When one considers the additional costs of employment (such as day care, transportation and clothing for work), the family would most likely have been financially worse off by leaving social assistance for employment.

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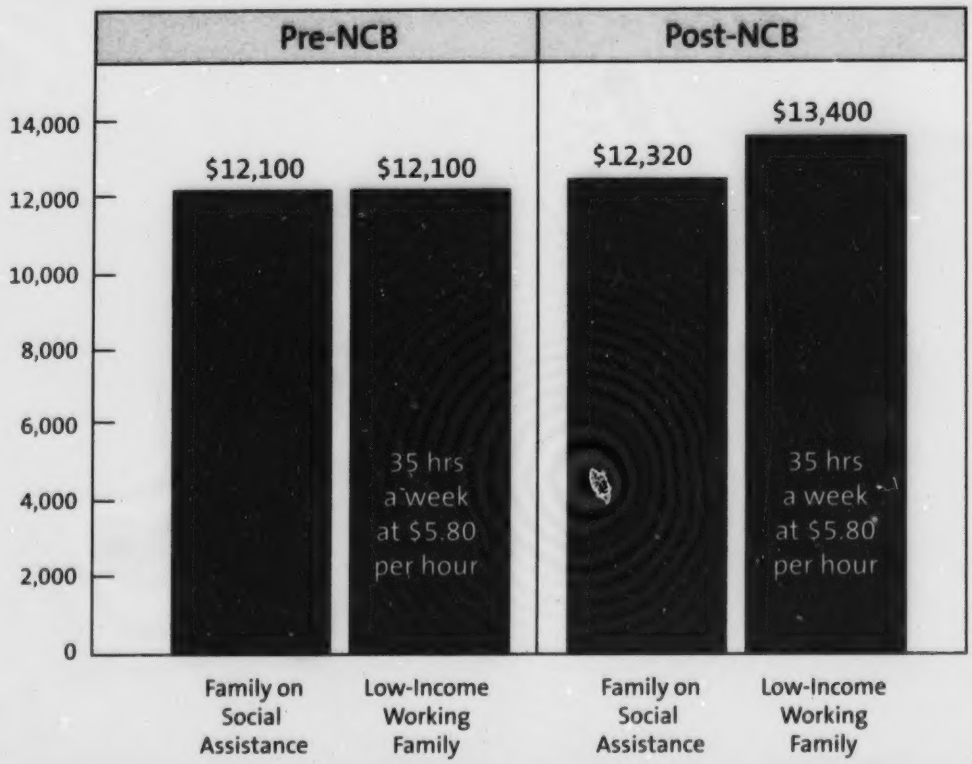
[13] Since the introduction of the NCB in 1998, one of the primary NCB reinvestments by Nova Scotia has been the Nova Scotia Child Benefit (NSCB). The NSCB is a monthly payment delivered with the CCTB. In order to look at the impact of the NCB on the welfare wall – independent of other factors – only changes to the social assistance system, the CCTB and the NSCB were taken into account in this analysis. The level of income tax, payroll taxes (such as Employment Insurance and Canada Pension Plan) and the Goods and Services Tax Credit were set at their level as of January 2001 in both the pre- and post-NCB versions of this analysis.

FIGURE 2

One-Parent Family, One 5 Year-Old Child Living in Halifax, Nova Scotia



As of July 2001, after the introduction of the NCB and the enhancement of the Nova Scotia Child Benefit (NSCB), this same one-parent family could now receive an annual disposable income of about $13,400 from working in the same job at the same wage, representing an increase of $1,300 in income because of the NCB. Through these changes, the NCB has increased the incentive to seek employment and provided increased support for parents in low-income families who have already entered the labour market.

Undoubtedly, many factors affect a person's decision to seek employment rather than remain on social assistance. Reducing the welfare wall through income benefits, however, is one way that the NCB can make employment a better option for low-income parents.

It is important to note that this example does not take into account the in-kind benefits, such as health benefits or other investments or reinvestments in employment support services, which are also an important part of the NCB initiative in many provinces and territories. Through provincial, territorial and First Nations investments and reinvestments in programs and services for all low-income families, the NCB is also addressing income and service barriers that parents face in their efforts to support their families while working.

3. Monitoring Progress – General Outcome Indicators

Federal, provincial and territorial governments are committed to report on the National Child Benefit (NCB) initiative, as per the NCB Governance and Accountability Framework (see Appendix 7). This process is essential to inform Canadians about the ongoing progress towards meeting the goals of the NCB. This chapter and Chapter 4 describe government activities to monitor and assess the NCB. Table 1 describes the set of general and direct outcome indicators developed to track on an annual basis the degree to which each of the NCB's three goals is being achieved.

This chapter reports on general outcome indicators, providing a tracking of the socio-economic trends that relate to the NCB goals, including measures of low income and attachment to the labour market. Trends in these general outcome indicators are affected by many factors such as the level of economic growth and changes in population (e.g. the number of one-parent families). They provide information on the overall socio-economic status of low-income families over time and thus give an important basis for comparison on progress made.

These general outcome indicators do not show the degree to which the NCB initiative is responsible for affecting these socio-economic trends. Chapter 4 reports on direct outcome indicators, providing evidence of the direct impact of the NCB on low-income families with children.

As in previous NCB Progress Reports, this chapter focuses on pre-tax Low-Income Cut-Offs (LICOs). This chapter also includes information on the post-tax Low-Income Measure (LIM), and for the first time, information on post-tax LICOs is included. These measures are used to examine trends relating to the low-income population, including family type, incidence and depth of low income, and sources of income. The measures show different numbers of families living in low income, but the trends they illustrate are very similar. These trends, based on pre-tax LICOs, post-tax LICOs and post-tax LIM, can also be found on the National Child Benefit Website[14] (for more information, see the text box entitled Measuring Low Income).

The measures of low income that are used in this chapter indicate how Canadian families are faring in terms of income, but they do not reflect the impact of the many other investments in benefits and services that are also key to improving the well-being of children and their families. For instance, many provincial and territorial initiatives funded through the NCB, such as supplementary health benefits, child/day care, early childhood services and children-at-risk services, do not directly affect income trends. However, these initiatives are an important part of governments' strategies to support Canadian families.

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[14] http://www.nationalchildbenefit.ca

TABLE 1

Outcome Indicators for the NCB

GOALS	GENERAL OUTCOME INDICATORS	DIRECT OUTCOME INDICATORS
Help prevent and reduce the depth of child poverty.	Depth of low income (dollar and percentage) • Additional amount of income a low-income family would need to reach a pre-determined line (as measured by the LICOs, LIM and, in future, Market Basket Measure).	Depth of child poverty • The change in the aggregate amount of income that low-income families would need to reach a pre-determined line, due to NCB benefits, within a year.
	Incidence of low income • Number and percentage of families and children living on low income (as defined by the LICOs, LIM and in future Market Basket Measure). • Number of families/children on social assistance.	Incidence of child poverty • The change in the number of families and children that fall below the low-income line, because of the NCB, within a year.
	Duration of low income • Number and percentage of families and children who have been on low income during all four previous years.	Not applicable
Promote attachment to the labour market by ensuring that families will always be better off as a result of working.	**Labour market participation** • **Number and percentage of earners in families below the low-income line.** • **Average earned income as a percentage of the low-income line (available on the NCB Website at www.nationalchildbenefit.ca).** • **Average earned income of low-income families, over time, expressed in constant dollars.**	**Not applicable**
Reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.	*Level 1* – use of federal income tax platform. *Level 2* – participation rates in NCB programs, examples of expanded information-sharing agreements. *Level 3* – surveys of managers and other key informants (monitored as part of the NCB evaluation).	Not applicable

TABLE 1

Outcome Indicators for the NCB

[illegible]	GENERAL OUTCOME INDICATORS	[illegible] OUTCOME INDICATORS
Help prevent and reduce the depth of child poverty.	Depth of low income (dollar and percentage) • Additional amount of income a low-income family would need to reach a pre-determined line (as measured by the LICOs, LIM and, in future, Market Basket Measure).	Depth of child poverty • The change in the aggregate amount of income that low-income families would need to reach a pre-determined line, due to NCB benefits, within a year.
	Incidence of low income • Number and percentage of families and children living on low income (as defined by the LICOs, LIM and in future Market Basket Measure). • Number of families/children on social assistance.	Incidence of child poverty • The change in the number of families and children that fall below the low-income line, because of the NCB, within a year.
	Duration of low income • Number and percentage of families and children who have been on low income during all four previous years.	Not applicable
Promote attachment to the labour market by ensuring that families will always be better off as a result of working.	**Labour market participation** **• Number and percentage of earners in families below the low-income line.** **• Average earned income as a percentage of the low-income line (available on the NCB Website at www.nationalchildbenefit.ca).** **• Average earned income of low-income families, over time, expressed in constant dollars.**	**Not applicable**
Reduce overlap and duplication by harmonizing program objectives and benefits and simplifying administration.	*Level 1* – use of federal income tax platform. *Level 2* – participation rates in NCB programs, examples of expanded information-sharing agreements. *Level 3* – surveys of managers and other key informants (monitored as part of the NCB evaluation).	Not applicable

Measuring Low Income

Canada does not have an official poverty line. However, several different measures of low income are used in Canada, and in recent years there has been considerable debate about the best way to measure it. Some believe low income means lacking enough income to buy the basic necessities of life, such as food, shelter and clothing. Others believe that it means not having enough income to participate fully in one's community. Still others believe that low income begins somewhere in between.

The two most widely used indicators of low income in Canada are Statistics Canada's Low-Income Cut-Offs (LICOs) and the Low-Income Measure (LIM). Both are relative measures that establish a dollar figure below which a family is considered to be living on low income. They can be reported based on total income (i.e. income including government transfers such as the Canada Child Tax Benefit, before the deduction of income taxes) known as pre-tax, and those based on after-tax income (i.e. total income after the deduction of income taxes) known as post-tax. As well, there is the Market Basket Measure (MBM), which is expected to be available in 2002 (see text box: The Market Basket Measure).

Both pre- and post-tax LICOs are set according to the proportion of annual income spent on basic needs (food, shelter and clothing). If a family spends 20 percentage points more of its income on these consumption items relative to the average family, then it falls beneath the LICO line. The size of the family and community is taken into account, but geographic differences in the cost of living are not. This NCB Progress Report, as with past NCB Progress Reports, focuses on pre-tax LICOs. In January 2000, Statistics Canada changed its primary LICOs measure to one based on income levels after taxes. While this report continues to report on pre-tax LICOs numbers, information based on post-tax LICOs is included for the first time. Chapter 4, for example, contains a text box that describes some of the impacts of the NCB on low-income families with children using post-tax LICOs.

The LIM was developed as an alternative to the LICOs. It considers a family to be living on low income if its income, adjusted for family size (number of adults and children), is less than half the median income (the income level at which the incomes of half of all families are higher and half are lower). The post-tax-and-transfer LIM is similar to measures used in international comparisons, but it does not reflect geographic differences in living costs across Canada. Statistical trends and impact results, based on pre-tax LICOs, post-tax LICOs and post-tax LIM, can also be found on the NCB Website at http://www.nationalchildbenefit.ca/.

As demonstrated here, there are a variety of methods to measuring low income. Future NCB Progress Reports will continue to include information on a range of low-income measures. As the measurement of low income evolves, future Progress Reports may report on a different low-income measure or measures.

In tracking general outcome indicators, over time, the key trends (using pre-tax LICOs) for low-income families include:

- The number of low-income families with children is still on the decline. After declining from a peak of 20.4 percent in 1996 to 17.9 percent in 1998, the incidence of low income among families with children dropped to 17.2 percent in 1999. But, 17.2 percent is still above the low of 14.6 percent achieved in 1989.
- Corresponding to this trend, the number of children living in low-income families peaked at 1,499,000 in 1996 before decreasing to 1,338,000 in 1998 and 1,298,000 in 1999.
- The income situation of low-income families with children (i.e. the depth of low income) shows signs of improvement. On average, expressed in 1999 dollars, the additional amount of income needed by low-income families to reach the low-income line was equal to $8,625 in 1999 compared to $9,215 in 1996.

A Declining Percentage of Low-Income Families

The incidence of low income refers to the proportion of families with children with annual income falling below a predetermined line, such as Statistics Canada's LICOs, or the LIM. Figure 3 shows trends in the incidence of low income for Canadian families with children, using pre-tax LICOs, post-tax LICOs and after-tax LIM.

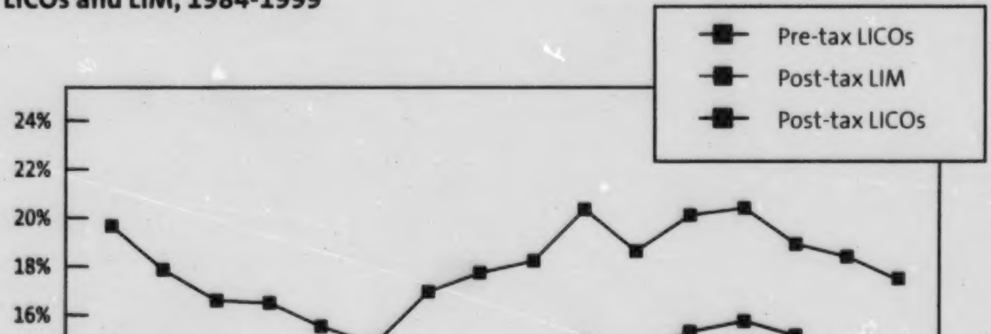
As Figure 3 shows, the period of economic growth between 1984 and 1989 translated into a decrease in the proportion of low-income families with children, while the economic slowdown of the early 1990s contributed to a rise in the incidence of low income among families with children.

Even after the economic recovery had begun in 1993, little progress was made in reducing the incidence of low income. Since 1996, however, there has been a steady and significant decline in the proportion of low-income families with children. Using the pre-tax LICOs measure, the incidence of low income

FIGURE 3

Percentage of Low-Income Families with Children

LICOs and LIM, 1984-1999



Source: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour Income Dynamics from 1996 to 1999.

among families with children dropped from 20.4 percent in 1996 to 17.9 percent in 1998. In 1999, the incidence of low income continued declining to 17.2 percent.

This reduction translates into more than 104,000 families with about 161,000 children moving above the LICOs between 1996 and 1998 and 31,000 families with 40,000 children moving above the LICOs between 1998 and 1999.

The proportion of one-parent families living below the pre-tax LICOs declined from 51 percent in 1996 to 43.9 percent in 1999, while the proportion of two-parent families living below the line declined from 13.2 percent to 10.6 percent over the same period.

These declines are encouraging and are mostly due to the strong economic performance experienced in the late 1990s. Furthermore, as will be demonstrated in Chapter 4, the NCB has also contributed to these trends.

Low Income Is Temporary for Most

Most analyses of low income examine families on a year-to-year basis. However, this approach overlooks the fact that many families move in and out of low income over time. Low income is not a permanent situation for most families with children. For example, about 30 percent of all children aged 13 or under lived in a family below the LICOs for at least one of the four years between 1996 and 1999. However,

The Market Basket Measure

The Market Basket Measure (MBM) is a new income measure that has been developed by federal, provincial and territorial governments.

The MBM identifies income levels that are required for a basic, adequate standard of living that is above the subsistence level. These income levels are based on the actual cost of goods and services in various communities across Canada. The measure identifies how many people live in households that fall below a certain standard of living.

The LIM and the LICOs are based on median incomes adjusted for household size and composition and for average consumption patterns, respectively. The MBM is based on the actual cost of food, clothing, shelter, transportation and other necessary goods and services, such as household supplies and telephone service, that are widely viewed as unacceptable for any household to be without. Households are considered to be living on low income if they do not have enough income to pay for this basket of goods and services after accounting for income and payroll taxes and out-of-pocket spending. This out-of-pocket spending includes such items as child care necessary to earn income, medically prescribed health expenses and aids for persons with disabilities.

Compared with existing measures, the MBM is a more precise reflection of differing living costs by geographic location.

The data needed to develop low-income thresholds for 2000 have been collected. Beginning with the *NCB Progress Report: 2002*, the MBM should prove a valuable complement to the existing measures in tracking low-income trends.

considerably less than half of these children (10.4 percent) lived in a low-income situation for all four years.

This points to the value of initiatives such as the NCB that aim to help families with children stabilize their income and provide additional support when making the transition into the labour market.

Depth of Low Income Shows Signs of Decline

The depth of low income is the additional amount of income a low-income family would need to reach a pre-determined line, such as Statistics Canada's Low-Income Cut-Offs (LICOs), or the Low-Income Measure (LIM).

For instance, as Table 2 shows, the 1999 low-income line (pre-tax LICO) of a two-parent, two-child family living in a city of more than 500,000 people was $33,658. If a low-income family had income of $25,244 in that year, its depth of low income would be $8,414 (i.e. $33,658 – $25,244). The depth of low income can also be expressed as a percentage. This percentage is equivalent to the additional amount of income a family would need to reach the low-income line relative to that same low-income line (i.e. [$8,414/$33,658] x 100). In our example, the family's depth of low income is equal to 25 percent.

As illustrated in Figure 4, the depth of low income for families with children has improved slightly since 1996. Between 1996 and 1999, the depth of low income for families with children improved slightly from 33.6 percent to 31.6 percent.

In 1996, low-income families with children had an average total income of $18,215[15]. These low-income families would have needed, on average, $9,215 to reach the low-income line (pre-tax LICOs). Comparatively, low-income families had an average total income of $18,670 in 1999 and needed, on average, $8,625 to reach the low-income line (pre-tax LICOs).

Complex factors make it difficult to interpret changes in the depth of low income. As described above, movements in and out of low income are significant and have an impact on the depth of low-income indicator. For example, if families that are closer to the low-income line increase their incomes enough to no longer be considered living in low income, the average depth of low income for those who remain below the low-income line may actually increase. This result would

TABLE 2

Depth of Poverty for a Two-Parent, Two-Child Family Living in a City of More Than 500,000 People in 1999

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pre-tax LICOs	$33,658	$25,244	$8,414	25.0

Source: Income in Canada 1999, Statistics Canada.

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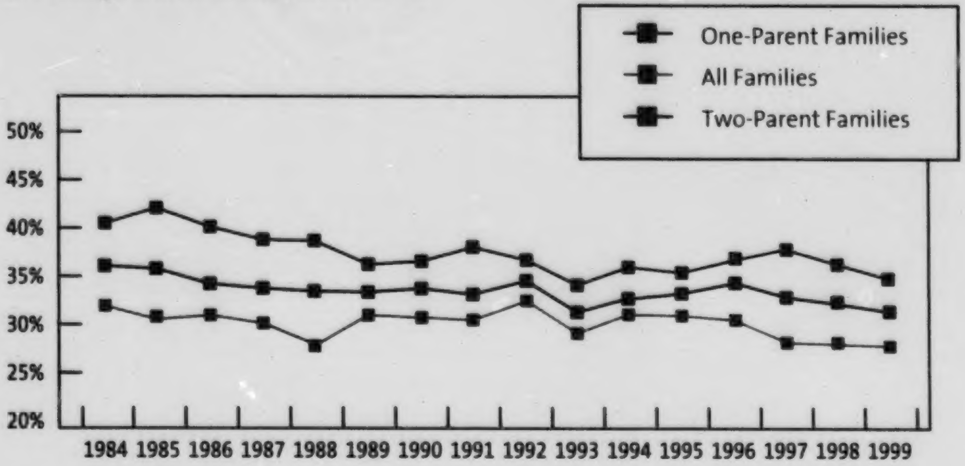
[15] For comparison purposes, figures in this paragraph are expressed in 1999 dollars.

FIGURE 4

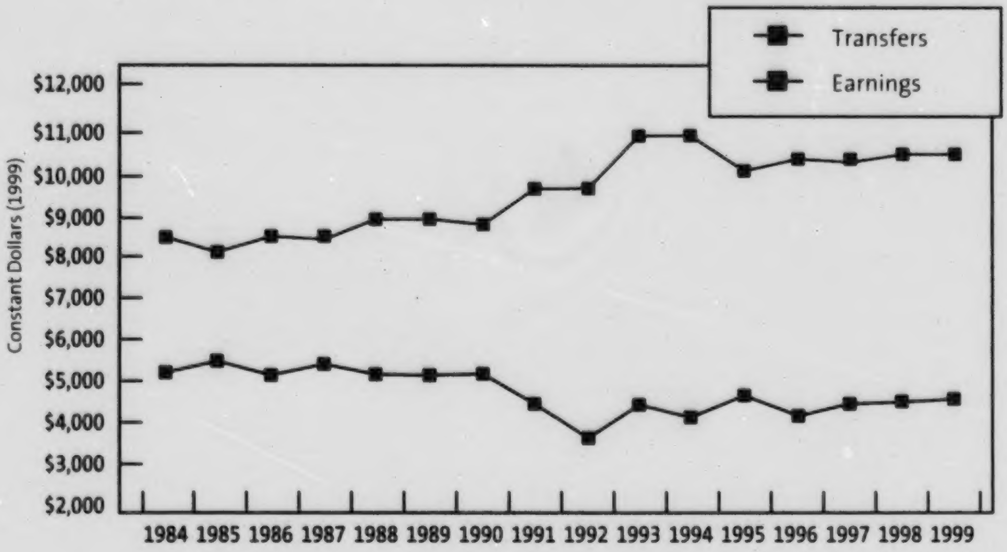
Pre-tax LICOs: Income of Low-Income Familes with Children, Percentage Below LICOs, 1984-1999



Sources: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour Income Dynamics from 1996 to 1999.

FIGURE 5

Sources of Family Income, Low-Income Families with Children, Pre-Tax LICOs (expressed in 1999 dollars)



Sources: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour Income Dynamics from 1996 to 1999.

give the impression that the situation has worsened for all, when it has really improved for many.

Despite its limitations, the depth of low income is an important indicator of how low-income families with children are faring.

Earned Income of Low-Income Families Is on the Rise

By tracking where low-income families get their income, it is possible to gain additional information on changes in the depth of low income. Figure 5 illustrates the average level of government transfers received and average earnings of low-income families with children between 1984 and 1999, expressed in 1999 dollars.

Government transfers continued to play an important role as a source of family income for low-income families. In line with the economic recovery of the 1990s, an increasing proportion of the income of low-income families came from employment earnings. In 1992, low-income families earned, on average, $3,780. This amount represented approximately 23 percent of the total income of low-income families. In 1999, low-income families earned, on average, $4,825, which represented 26 percent of their total income. Even with this improvement, the proportion of the income of low-income families coming from earnings remained below the level of 31 percent reached in 1985. In 1985, on average, low-income families earned $5,340.

Consistent with this trend, the percentage of low-income families in which the parents had paid employment generally increased during the economic recovery of the late 1990s. As Figure 6 illustrates, the proportion of low-income families with children in which at least one parent was employed for pay during the year increased from 59.4 percent in 1994 to 67.2 percent in 1999. The proportion of one-parent families employed for pay rose from 42.5 percent to 53.4 percent over the same period. While the proportion of families in which at least one parent was employed for pay during the year provides valuable information, these data do not distinguish between part-time versus full-time work or seasonal versus full-year employment.

Fewer Canadian Children Are on Welfare

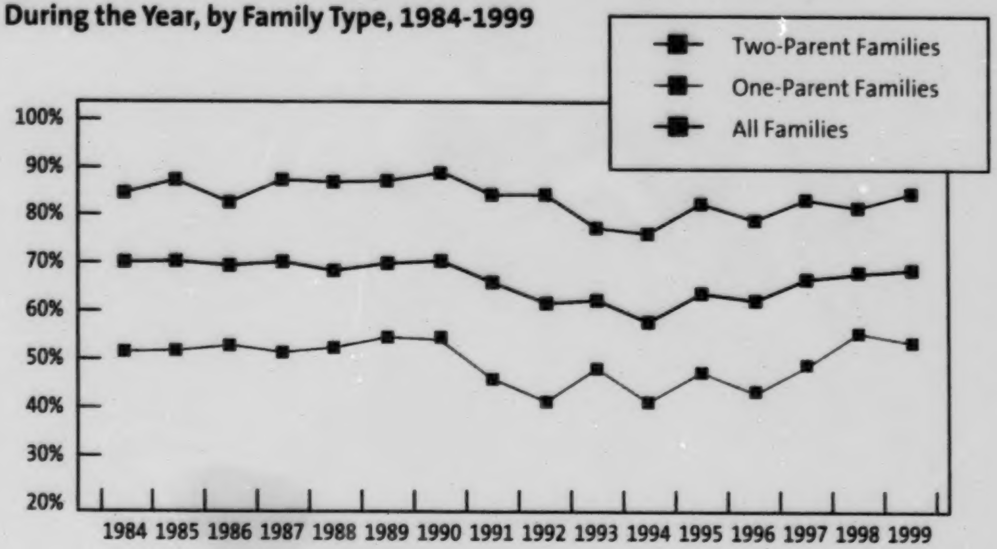
As Figure 7 shows, the number of one-parent families relying on social assistance declined from 472,500 households in March 1995 to 306,300 in March 2000, while the number of two-parent families with children decreased from 178,600 to 105,700 households over the same period. As a result, the number of children living in families relying on social assistance decreased by 440,400 between 1995 and 2000.

A preliminary examination of social assistance caseload data shows some interesting trends. For instance, over the period of March 1998 to March 2000, the number of two-parent families in receipt of social assistance in Canada decreased by 28.2 percent while the number of one-parent families receiving social assistance decreased by 23.8 percent. It is also notable to compare the reduction in social assistance caseloads for families with children with the situation of childless families. For instance, over the same period, two-parent family welfare caseload numbers decreased by 28.2 percent while those of couples without children decreased by only 7.0 percent (not shown in Figure 7).

This reduction in welfare caseloads is due not only to economic growth, but also to welfare reforms, including the restructuring of social assistance systems in several jurisdictions and other factors such as changes in family structures. These trends will be explored further in the evaluation of the NCB described in Chapter 4.

FIGURE 6

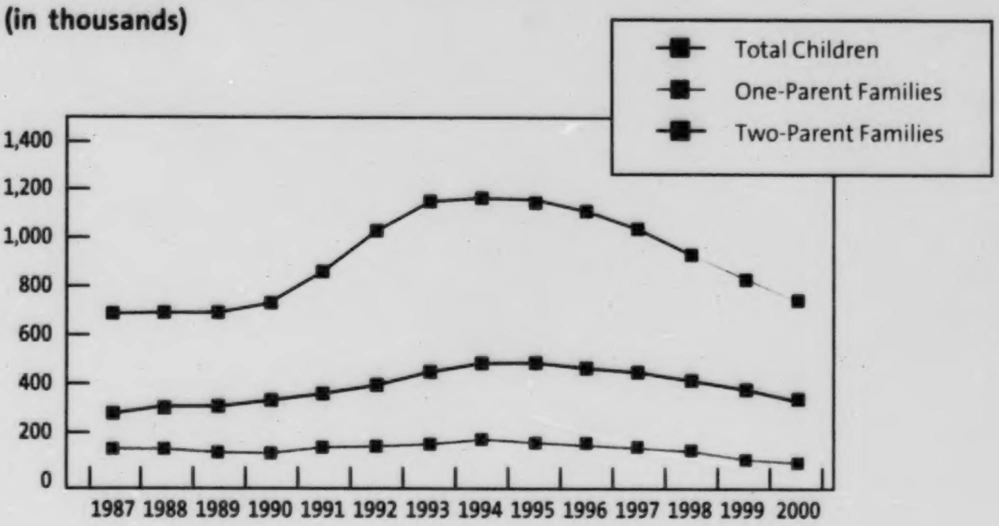
Pre-tax LICOs-Percentage of Low-Income Families Employed for Pay During the Year, by Family Type, 1984-1999



Sources: Statistics Canada, Survey of Consumer Finance from 1984 to 1995 and Survey of Labour Income Dynamics from 1996 to 1999.

FIGURE 7

Social Assistance Data in March of Each Period, 1987-1999 (in thousands)



Source: Social Policy, HRDC.

Summary

In the context of the economic recovery, it is not surprising that the general outcome indicators examined in this chapter improved in the late 1990s. Although the incidence of low income declined to 17.2 percent for families with children, it remained higher than the low achieved in 1989. The share of earned income of families with children living in low income also increased in the late 1990s. In addition, the number of families with children in receipt of social assistance payments also continued to decline. Generally, however, the trends are encouraging as they indicate an improvement in the situation of low-income families with children.

The evolution of such general outcome indicators is determined by the interactions of many socio-economic factors. As a result, general outcome indicators, such as incidence and depth of low income and the number of families on social assistance, do not tell us whether and to what extent the NCB is responsible for particular changes in these trends. To isolate the impact of the NCB from other socio-economic factors, more refined analysis is required. Chapter 4 presents some direct impact indicators on the success of the NCB in meeting its goals.

4. Assessing the Impact of the National Child Benefit

This chapter provides information on how the National Child Benefit (NCB) is meeting its three goals. In particular, this chapter presents evidence of the direct impact of the NCB in making progress on its first goal to help prevent and reduce the depth of child poverty in Canada.

This is done by focusing on the impact of the income component of the NCB on low-income families. As noted in *A Policy Blueprint for Canada's Children*,[16] income is one of three important "enabling conditions" to ensure positive child outcomes. The other two are positive parenting and supportive communities. These conditions are being addressed by many of the provincial and territorial NCB initiatives.

Because the analysis focuses on the income component of the NCB, services such as supplementary health benefits, child/day care, early childhood services and children-at-risk services introduced under the NCB are not included in this analysis. In 1999, these reinvestment programs represented approximately $160 million or about 32 percent of total provincial and territorial reinvestment and investment strategies. These initiatives do not directly affect income trends, but they are an important part of governments' strategies to support Canadian families. An evaluation of the NCB (see text box: Evaluation Results to Follow) will examine the impact of in-kind benefits introduced under the NCB initiative (see text box: Evaluation of In-Kind Benefits: Supplementary Health Benefits).

The second goal of the NCB, to promote attachment to the labour market by ensuring that families will always be better off as a result of working, is facilitated through the structural change in the delivery of child benefits brought about by the NCB (see Chapter 2). An evaluation of how well this change has influenced the labour market decisions of families with children is currently being completed. Results from this evaluation will be reported on in the next NCB Progress Report.

This chapter also describes the structural changes in the delivery of child benefits brought about by the NCB as a result of the coordinated efforts of federal, provincial and territorial governments and First Nations. These changes indicate that the NCB is furthering its third goal, to reduce overlap and duplication by harmonizing program objectives and benefits and simplified administration.

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[16] J. Jensen, *A Policy Blueprint for Canada's Children*, Canadian Policy Research Networks, October 1999.

Highlights of the impact of the NCB initiative based on the most recent information available (income portion only):

- The NCB has been successful in making progress on its goal to help prevent and reduce the depth of child poverty in Canada. As a direct result of the NCB, in 1999[17]:
  - An estimated 1.2 million families with about 2.1 million children saw an increase in their income[18].
  - The low-income gap was reduced by 6.5 percent[19].
  - Low-income families with children saw an average increase of $775 in their income[20].
  - The number of low-income families with children was reduced by 2.4 percent or 16,500 families with 33,800 children[21].
- These impacts are expected to increase because the NCB became more generous in both 2000 and 2001. In 1999, the Government of Canada invested $950 million along with provincial and territorial governments in the income component of the NCB. By 2001, it is estimated that total government investments in the income component of the NCB will represent approximately twice that amount.
- In addition, the NCB, through the collaboration of federal, provincial and territorial governments, has also fundamentally improved the way children's benefits are provided to low-income families with children: through integrating child benefits; making benefits based on income and not a needs test; and making most benefits available for families with children whether or not parents are working. This improvement suggests that the NCB is meeting its objectives of reducing overlap and duplication.

Additional results from the NCB evaluation will be featured in the *NCB Progress Report: 2002*.

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[17] This excludes the $260 million spent on the NCB, which would have been spent in 1999 had the 1996 Working Income Supplement continued, and the approximately $160 million of provincial/territorial NCB reinvestments and investments in in-kind benefits in 1999.

[18] Statistics Canada; Social Policy Simulation Database and Model (SPSD/M).

[19] Results are based on pre-tax LICOs. For results based on post-tax LICOs, please see text box on page 22.

[20] Statistics Canada; Social Policy Simulation Database and Model (SPSD/M). Results are based on pre-tax LICOs for the period of July 1999 to June 2000. For results based on post-tax LICOs, please see Appendix 3.

[21] Results are based on pre-tax LICOs. For results based on post-tax LICOs, please see text box on page 22.

Preventing and Reducing the Depth of Child Poverty[22]

Between July 1999 and June 2000, an estimated 1.2 million families with 2.1 million children[23] saw an increase in their income as a result of the NCB. The objective of this section is to look more closely at the impact of the NCB on families with income below low-income lines, with a focus on pre-tax Low-Income Cut-Offs (LICOs).

To determine the progress of the NCB in meeting its goal to prevent and reduce the depth of child poverty, analysis was undertaken that isolated the impact of the NCB on the following outcome indicators:

- the number and incidence of families with children living in low income;
- the aggregate amount of income that low-income families would need to reach a pre-determined line (the low-income gap); and
- the average change in income of low-income families with children.

This analysis was carried out by comparing two different federal/provincial[24] child benefit structures in a given year, one structure with the NCB initiative, and another without the NCB initiative. Table 3 illustrates the key differences between these two child benefit structures.

The impact of the NCB is determined by comparing the difference in a given outcome indicator (e.g. the number of low-income families with children) under the structure with

TABLE 3

Two Federal/Provincial Child Benefit Structures in 1999

STRUCTURE 1: WITHOUT NCB INITIATIVE	STRUCTURE 2: WITH NCB INITIATIVE
Maintain the 1996 Working Income Supplement (WIS) structure (i.e. the former WIS)	Introduce the NCB Supplement
No adjustments to provincial income support programs for increases in the NCB Supplement	**Introduce adjustments to provincial income support programs for increases in the NCB Supplement**
No provincial reinvestment programs in income benefits	Introduce provincial reinvestment programs in income benefits*

* In 1999, these reinvestment programs represented approximately $265 million or about 68 percent of provincial, territorial and First Nations reinvestment and investment strategies.

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[22] Independent referees Jonathan Kesselman (Department of Economics, University of British Columbia) and Frances Woolley (Department of Economics, Carleton University) reviewed the methodology and considered it appropriate. We thank them for their helpful comments.
This chapter was completed with the assistance of Statistics Canada officials Phillip Giles, Heather Lathe and Brian Murphy and their staff. We also thank them for their helpful comments.

[23] Statistics Canada: Social Policy Simulation Database and Model (SPSD/M).

[24] This analysis was carried out using the Survey of Labour and Income Dynamics (SLID) and the SPSD/M which do not include information on families living in Yukon, Northwest Territories, Nunavut or First Nations.

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Between July 1999 and June 2000, an estimated 1.2 million families with 2.1 million children[23] saw an increase in their income as a result of the NCB. The objective of this section is to look more closely at the impact of the NCB on families with income below low-income lines, with a focus on pre-tax Low-Income Cut-Offs (LICOs).

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The impact of the NCB is determined by comparing the difference in a given outcome indicator (e.g. the number of low-income families with children) under the structure with

TABLE 3

Two Federal/Provincial Child Benefit Structures in 1999

[illegible]	[illegible]
Maintain the 1996 Working Income Supplement (WIS) structure (i.e. the former WIS)	Introduce the NCB Supplement
No adjustments to provincial income support programs for increases in the NCB Supplement	**Introduce adjustments to provincial income support programs for increases in the NCB Supplement**
No provincial reinvestment programs in income benefits	Introduce provincial reinvestment programs in income benefits*

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the NCB versus the structure without the NCB. This comparison of federal/provincial child benefit structures allows for the examination of changes in the level of income of families with children in a given year as a result of the NCB. This methodology has the advantage of comparing different child benefit structures while keeping other socio-economic variables unchanged, such as earnings and number of families by family type.

However, this comparison does not capture the effect the NCB may have had on the labour market behaviour of low-income families. For instance, the NCB may have had an effect on decisions to work or the number of hours worked by low-income families. In addition, this analysis does not provide information on the progress of specific low-income families over time. Other components of the NCB evaluation (see text box: Evaluation Results to Follow) will provide additional findings addressing these questions.

By comparing the two child benefit structures discussed above (one with and the other without the NCB), it is estimated that the Government of Canada invested $950 million[25] along with provincial and territorial governments in the income support component of the NCB initiative in 1999. By 2001, it is estimated that total government investments in the income component of the NCB will represent approximately twice that amount. For an estimation of the potential impact of the NCB in 2004 see Appendix 4 (Summary of an Expert Report on NCB Impact).

Impact Using the SLID Database

The methodology above was used by Statistics Canada using the Survey of Labour and Income Dynamics (SLID). The SLID is an annual income survey, which was started in 1993 and replaced the Survey of Consumer Finance as of 1996. It makes it possible to assess the impact of the NCB over time. The SLID will be used in future NCB Progress Reports to monitor outcome indicators that relate to the goal of preventing and reducing the depth of child poverty. This section focuses on impact results using the pre-tax LICOs measure. Some results based on post-tax LICOs are presented in a text box on page 22 (see text box: Impact Using the SLID: Focus on Post-Tax Low-Income Cut-Offs). Appendix 2 presents results based on pre-tax LICOs, post-tax LICOs and post-tax LIM.

As indicated in Chapter 3, the incidence of low income among families with children was 17.2 percent in 1999 (using pre-tax LICOs). This translates into about 668,800 families with children living in low income.

Based on the most recent information available, using the SLID, it is possible to estimate the impact the NCB has had on low-income families for 1999[26]. If the NCB had not been introduced, 17.6 percent of families with children (compared to 17.2 percent) would have lived in low-income situations in 1999. In other words, without the NCB, approximately 685,300 families with children would have lived in low income in 1999, compared to the actual number of 668,800 families. Therefore, as a direct result of the NCB initiative, the number of low-income families declined by 16,500. This represents about 33,800 children moving out of low income (as measured by the pre-tax LICOs). See Table 4 for a summary of these changes.

As Table 4 illustrates, because of the NCB, the number of two-parent and one-parent families living in low income decreased by 3.2 and 1.6 percent respectively in 1999.

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[25] Based on administrative data from the Canada Customs and Revenue Agency and provincial administrative data already contained in the *NCB Progress Report: 2000*.

[26] The analysis using the SLID covers the calendar year 1999 (i.e. January 1999 to December 1999). During that period, the maximum annual benefit under the NCB Supplement was equivalent to $605 for the first child, $405 for the second child and $330 for each additional child between January 1999 and June 1999, and equivalent to $785 for the first child, $585 for the second child and $510 for each additional child between July 1999 and December 1999.

TABLE 4

Change in Families with Children Living in Low Income: January to December 1999

[illegible]	[illegible]	[illegible]	[illegible]
Decline in Number of Children Living in Low Income	10,200	23,000	33,800
Decline in Number of Families Living in Low Income	**5,200**	**10,800**	**16,500**
Percentage Change in Number of Families Living in Low Income	- 1.6%	- 3.2%	- 2.4%
Decline in Incidence of Low Income Among Families with Children*	**0.7**	**0.3**	**0.4**

- Decline in incidence of low income is expressed in percentage points.

Source: Based on Statistics Canada special tabulations from the SLID 1999.

TABLE 5

Changes in the Depth of Low Income: January to December 1999

[illegible]	[illegible]	[illegible]	[illegible]
Decline in the Low-Income Gap (in millions of dollars)	$160	$235	$400
Percentage Change in the Low-Income Gap	**- 5.5%**	**- 7.5%**	**- 6.5%**

Source: Based on Statistics Canada special tabulations from the SLID 1999.96

Of the 16,500 families that left low income, about 10,800 were two-parent families with 23,000 children and 5,200 were single-parent families with 10,200 children.

In addition to reducing the number and incidence of families with children living in low income, the NCB resulted in improved income levels. As discussed in Chapter 3, the main measure of the depth of low income is the additional amount low-income families would need to reach the low-income line, also referred to as the "low-income gap." As shown in Table 5, in 1999, because of the introduction of the NCB, the low-income gap was reduced by a total of $400 million[27]. This reduction corresponds to a decline in the low-income gap of 6.5 percent. Taking into account family structure, the

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[27] Increases in NCB benefits were also provided to families above low-income lines.

TABLE 4

Change in Families with Children Living in Low Income: January to December 1999

SLID 1999 PRE-TAX LICOS	ONE PARENT FAMILIES	TWO PARENT FAMILIES	ALL FAMILIES
Decline in Number of Children Living in Low Income	10,200	23,000	33,800
Decline in Number of Families Living in Low Income	**5,200**	**10,800**	**16,500**
Percentage Change in Number of Families Living in Low Income	- 1.6%	- 3.2%	- 2.4%
Decline in Incidence of Low Income Among Families with Children*	**0.7**	**0.3**	**0.4**

* Decline in incidence of low income is expressed in percentage points.

Source: Based on Statistics Canada special tabulations from the SLID 1999.

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Source: Based on Statistics Canada special tabulations from the SLID 1999 96

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Impact Using the SLID : Focus on Post-Tax Low-Income Cut-Offs

As described in the "Measuring Low Income" text box in Chapter 3, Statistics Canada produces two sets of LICOs: those based on total income known as pre-tax LICOs, which are the focus of this report and previous NCB Progress Reports, and those based on after-tax income known as post-tax LICOs. For the first time, the 2001 NCB Progress Report includes information based on post-tax LICOs. This is done to complement the information provided on other low-income measures. Table 6 presents the impact results provided in Chapter 4, using the post-tax LICOs measure instead of the pre-tax LICOs.

TABLE 6

Impacts of the NCB on Low-Income Families with Children January 1999 to December 1999

SLID 1999 POST-TAX LICOS	ALL FAMILIES
Decline in Number of Children Living in Low Income	69,200
Decline in Number of Families Living in Low Income	**28,500**
Decline in Incidence of Low Income Among Families with Children*	0.7
Decline in the Low-Income Gap (in millions of dollars)	**$310 M**
Percentage Change in the Low-Income Gap	- 9.0%

*Decline in incidence of low income is expressed in percentage points.

Source: Based on Statistics Canada special tabulations from the SLID 1999.

Based on post-tax LICOs, the incidence of low-income among families with children was 12.8 percent in 1999. If the NCB had not been introduced, 13.5 percent of families with children (compared to 12.8 percent) would have lived in low-income situations in 1999. This reduction of 0.7 percentage points translates into a decline of 28,500 families with children living in low income as a direct result of the NCB. This represents about 69,200 children moving out of low income. In 1999, because of the introduction of the NCB, the low-income gap was reduced by a total of $310 million[28]. This reduction corresponds to a decline of 9.0 percent in the low-income gap. Additional impact results based on post-tax LICOs, broken down by family type, can be found in Appendix 2 of the report.

Impact results vary with the specific low-income measure used. As seen here, the impacts of the NCB on the number and incidence of families living in low income are greater using post-tax LICOs relative to pre-tax LICOs. Possible explanations include the distribution of families around low-income lines. Further analytical work would need to be undertaken to understand the factors at play.

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[28] Increases in NCB benefits were also provided to families above low-income lines.

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decline in the low-income gap for two-parent families was $235 million, representing a decline of 7.5 percent in the low-income gap during that year. For one-parent families, this decline was $160 million or 5.5 percent during the same period.

The impact of the NCB can also be presented in terms of average increases in the income levels of low-income families. For a discussion on the impact of the NCB of the level of income of low-income families see text box "Impact of the NCB on the Income of Low-Income Families" later in this chapter.

Limitations of the SLID database

The SLID database has three limitations that could affect the quality of the analysis presented in this chapter. First, the SLID tends to underreport the social assistance benefits received by low-income families. This is because some low-income families surveyed in the SLID may underestimate the amount of social assistance benefits they receive. The underreporting of social assistance benefits results in an overestimation of the number of low-income working families and therefore could upwardly bias the impact of the NCB.

The second limitation of the SLID relates to the annual reporting of social assistance payments received by families and the lack of information surrounding the length of time that families spend on social assistance. Because of that limitation, the SLID analysis assumes that if a family receives any amount of social assistance during a given year that family was in receipt of social assistance for the entire year. In reality, however, this may not be the case. In fact, recent studies[29] have shown that movements in and out of social assistance within a year are significant. That assumption overestimates the total amount of social assistance adjustments and results in an underestimation of the impact of the NCB.

The third limitation relates to the period of time covered by the available data. Because information is available only up to 1999, the impact assessments of the NCB are limited to the first 18 months of the initiative.

Corroborating Results and Complementary Analysis

Future NCB Progress Reports will use the SLID data as a basis for obtaining impact results. It is important, therefore, to determine the reliability of the SLID results in order to ensure that the Progress Report is accurately reporting the impact of the NCB on families with children living in low income. To address the first two limitations of the SLID analysis, a complementary exercise was undertaken using the Social Policy Simulation Database and Model (SPSD/M)[30]. The SPSD/M is a microsimulation model. The income data used in the SPSD/M are based on Statistics Canada's Survey of Consumer Finance. Although the SPSD/M has the same limitations as the SLID, it can be adjusted to account for the limitations regarding the underreporting of social assistance benefits and the assumption of recipient duration on social assistance.

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[29] Barret, Garry F. and Michael I. Cragg (1998), *An untold story, the characteristics of welfare use in British Columbia*, Canadian Journal of Economics 31, 165-188.
Finnie, Ross. *The Dynamics of Poverty in Canada: What We Know, What We Can Do?* C.D. Howe Institute Commentary 145 (September 2000).

[30] The SPSD/M does not include information on families in Yukon, Northwest Territories, Nunavut or First Nations.

With the assistance of Statistics Canada, the SPSD/M[31] was adjusted using social assistance caseload information from the provinces of Alberta, Saskatchewan, Manitoba, Ontario, and Newfoundland and Labrador, shared on a one-time basis. With this information, Statistics Canada was able to adjust the SPSD/M to correct for the underreporting of social assistance. In addition, these provincial social assistance data allowed Statistics Canada to use the SPSD/M to assess the impact of the NCB on a monthly basis, thus avoiding the assumption that recipients are on social assistance for the entire year. Impact results of the NCB using the SPSD/M are different from the SLID results but are in a range such that the SPSD/M results can be said to corroborate the findings using the SLID. These results are summarized in Appendix 3.

To address the third limitation related to the short period of time covered by the available data, the Centre for the Study of Living Standards (CSLS) used the SPSD/M[34] to simulate the projected impacts of the NCB on the depth and incidence of low income for 2004. Results from this analysis are also different from the SLID results but, again, are within a range to corroborate the findings using the SLID and are presented in Appendix 4. (This report will be released by the CSLS later in 2002.)

Impact of the NCB on the Income of Low-Income Families

Based on the SPSD/M, for the period of July 1999 to June 2000, the low-income gap i.e. the aggregate amount of income that low-income families would need to reach the low-income line (pre-tax LICO) declined by a total of $465 million[32] due to the NCB, representing a decline of 7.6 percent in the gap.

However, a complementary indicator can be used to better understand how the NCB has changed the income levels of low-income families with children. For this purpose, the average income of low-income families with children is used. Based on this measure, the income of families with children that were living in low income in 1999 increased on average by $775[33] over the same period.

Promoting Attachment to the Labour Market

The analysis presented in this chapter tells only part of the story of the NCB. The NCB has not only reduced the depth and incidence of child poverty but it has also changed and improved the way child benefits and services are provided to low-income families with children. As presented in the description of the "welfare wall" in Chapter 2, the NCB has increased the incentive to seek employment and provided increased support for parents in low-income families who have already entered the labour market. The objective of this change is to help low-income families with children to make the transition from social assistance to the labour market and help low-income parents already in the labour market to remain there. However, an important component of the evaluation of the NCB will be an assessment of how this improvement in the delivery of child benefits has influenced labour market decisions of families with children. Findings from this assessment will be featured in the next NCB Progress Report.

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[31] For the purpose of this exercise, SPSD/M version 9.0 was used.

[32] Increases in NCB benefits were also provided to families above low-income lines.

[33] Result based on pre-tax LICOs for the period of July 1999 to June 2000. Note that this increase in the income of low-income families could also be calculated from the SLID.

[34] For the purpose of this exercise, SPSD/M version 9.0 was used.

Reducing Overlap and Duplication

The improvement in the way child benefits and services are provided to low-income families was brought about by a coordinated effort of federal, provincial and territorial governments and First Nations around common goals. In this way, the NCB is furthering its third goal, to reduce overlap and duplication. As presented in Chapter 2:

a) The NCB initiative has brought about greater *integration* of child benefits: The NCB has provided provinces and territories with the opportunity to integrate child benefits. In many jurisdictions, the NCB Supplement, together with provincial/territorial child benefits, have integrated the system of child benefits for all low-income families with children.

b) The NCB initiative provides benefits *based on income*: The NCB provides benefits to low-income families based on family net income and is not a program of last resort, which would require families to use most other resources before receiving benefits. The NCB Supplement helps break the cycle of poverty by providing income support without asking people to divest themselves of the very resources they need to escape from low income. The NCB is administered in a relatively simple, unintrusive and non-stigmatizing manner.

c) Benefits under the NCB initiative are *portable*: In all jurisdictions, income benefits accompany the family whether

Evaluation of In-Kind Benefits: Supplementary Health Benefits

Extended health benefits are intended to make it easier for parents on welfare to take low-wage or part-time employment, and prevent them from returning to welfare due to high health costs. Under an extended health benefit program, "working poor" families receive several health benefits that had previously been available only to families on welfare.

For instance, almost 57,000 children benefited from the Alberta Child Health Benefit (ACHB) program in 2000-2001. Of the current registrants in the ACHB program, 97 percent responded that their children's coverage under the program contributed in a good way to their health and 93 percent felt that the program assisted their family financially.

In addition, more than 105,000 adults and children benefited from the Saskatchewan Family Health Benefit (SFHB) program between July 1998 and January 2000. For the vast majority of recipients (71 percent), the SFHB were new benefits. There was a very high program uptake. Approximately 93 percent of families eligible for the program were receiving Family Health benefits.

they are on social assistance or working and, in most jurisdictions, services are similarly portable. Before implementation of the NCB, parents leaving social assistance for work often faced the loss of important benefits for their children.

The Organization for Economic Co-operation and Development (OECD) survey, *The Economic Survey of Canada, 2001*, refers to the NCB initiative as a noteworthy achievement in improving efficiency and coordination among federal/provincial/territorial programs. This suggests that the NCB is meeting its objective of reducing overlap and duplication.

Summary

In summary, while the full extent of the impact of the NCB in meeting its goals remains to be evaluated, the results obtained to date are encouraging. The results demonstrate that this important federal/provincial/territorial initiative is having a positive impact resulting in real progress in addressing child poverty.

Furthermore, with the NCB becoming more generous in 2000 and 2001 its impacts can be expected to increase. For an estimation of the potential impact of the NCB in 2004 see Appendix 4 (Summary of an Expert Report on NCB Impact).

This chapter also presents how the NCB is furthering its third goal of reducing overlap and duplication through its change brought to the federal/provincial/territorial child benefit system. Taken together, these results demonstrate significant achievement for federal, provincial and territorial governments in this shared initative.

Finally, additional findings from the NCB evaluation (see text box: Evaluation Results to Follow) will be featured in the next NCB Progress Report, which will provide a more comprehensive understanding of the impact of the NCB on low-income families with children.

Evaluation Results to Follow

In addition to monitoring changes in general and direct outcome indicators as presented in this chapter and Chapter 3, governments are committed to an external evaluation of the NCB. In 1999, federal, provincial and territorial governments agreed to pursue a coordinated approach to evaluating the NCB. In 2000, with the assistance of experts on child poverty and labour market issues, an "evaluability assessment" was developed, proposing a four-year evaluation strategy. This is currently underway. Evaluation results from the first two years will be featured in the next NCB Progress Report. These results will be based on two modules using quantitative and qualitative methods:

- The first module uses quantitative methods to examine the impact of the NCB on the incidence and depth of child poverty, on the labour market decisions of parents with children and on social assistance dependence. It examines how NCB programs are integrated with other federal/provincial/territorial initiatives. It also assesses the effectiveness of using the Personal Income Tax System to deliver child benefits and earned income supplements.
- The second module uses qualitative methods to assess the effectiveness of NCB reinvestment programs, and to examine how those programs have contributed to the goals of the NCB. In particular, it focuses on the impact of in-kind benefits and services on low-income families with children. These programs represented 32 percent of provincial/territorial reinvestments and investments in 1999.

The NCB evaluation strategy is further complemented by additional research to help inform policy making and the development of income support programs. Overall, the evaluation strategy, based on these two modules as well as additional research, reflects the ongoing commitment of governments to evaluate and report on the NCB.

5. The Federal Component of the National Child Benefit

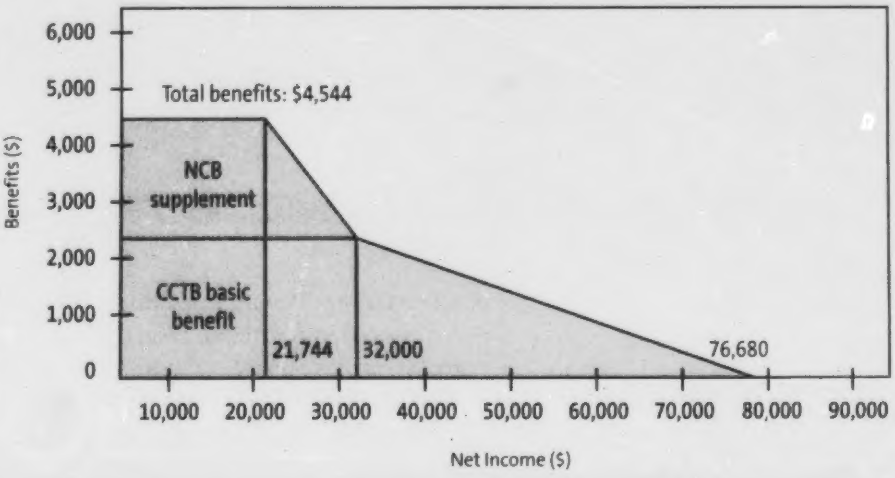
The Federal Child Benefit System

The Government of Canada has long provided Canadian families with child benefits (see text box: The History of Federal Child Benefits in Canada). Since July 1998, the Government of Canada has provided additional direct financial assistance to families with children through an enhanced Canada Child Tax Benefit (CCTB). The CCTB is a monthly payment for families that is based on family net income and the number and age of children. It is designed to help families with the cost of raising children.

Figure 8 illustrates the amount of CCTB that was paid to two-child families as of July 2001. The amount of CCTB a family receives depends on the family's net income. Low-income families receive the highest level of benefits, and as a family's income increases beyond a certain level – in 2001-2002 that level was $21,744 – the amount of child benefits is reduced.

FIGURE 8

The Canada Child Tax Benefit For a Two-Child Family as of July 2001



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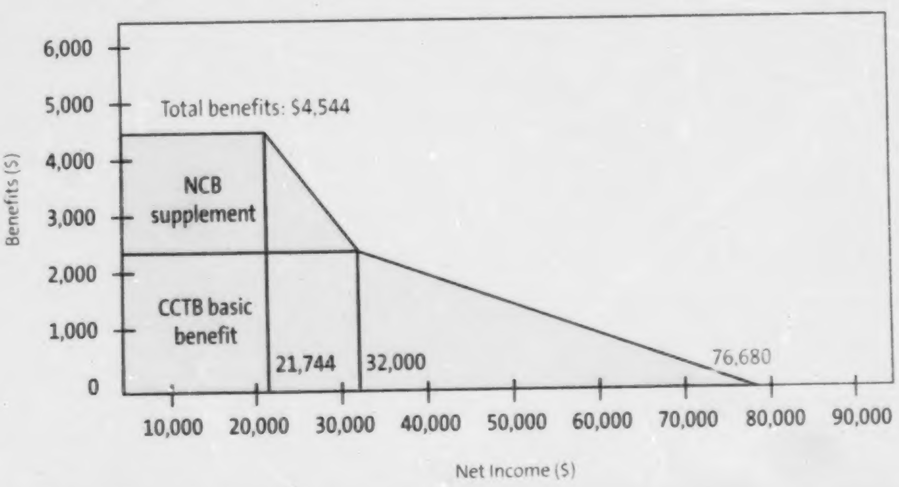


The History of Federal Child Benefits in Canada

1918 – Child Tax Exemption: This exemption provided income tax savings that increased as taxable income increased. It provided no benefits to families that did not owe income tax.

1945 – Family Allowance: This benefit was provided to all Canadian families with dependent children.

1973 – The benefit levels of the Family Allowance were tripled, indexed to the cost of living, and made taxable.

1978 – Refundable Child Tax Credit: This more targeted and income-tested approach to child benefits provided the maximum benefit to low-income families, a declining amount to middle-income families and no benefit to upper-income families.

1993 – Child Tax Benefit: This benefit consolidated child tax credits and the Family Allowance into a monthly payment based on the number of children and level of family income.

1993 – Working Income Supplement (WIS): This additional benefit was provided to supplement the earnings of low-income working families with children. Federal child benefits in 1993 totalled $5.1 billion.

1998 – National Child Benefit (NCB) Supplement: The NCB Supplement replaced the Working Income Supplement and was provided to all low-income families as part of the re-named Canada Child Tax Benefit (CCTB). As its initial contribution to the NCB initiative, the Government of Canada committed to an additional $850 million per year for the NCB Supplement. This was on top of the $5.1 billion per year that was already provided through the CCTB.

The 1998, 1999 and 2000 federal budgets and the October 2000 Economic Statement and Budget Update provided additional investments in the NCB Supplement and the CCTB basic benefit. As a result, the Government of Canada's investment in the CCTB is estimated to reach a total of $7.9 billion in 2001-2002, including an investment of $2.5 billion in the NCB Supplement. The 2000 federal budget committed to continue investing in the CCTB by restoring full indexation of benefit levels and eligibility thresholds to protect their value against inflation.

The CCTB has two main parts: the basic benefit and the NCB Supplement:

- The basic benefit provides a level of child benefits to all low- and middle-income families with children in Canada. More than 80 percent of Canadian families with children receive this base benefit.
- The NCB Supplement provides low-income families with additional child benefits on top of the base benefit. The NCB Supplement represents the Government of Canada's contribution to the NCB.

Benefits Targeting Low-Income Families

In anticipation of the NCB's launch, the Government of Canada took steps in the 1997 federal budget to increase and restructure its child benefits. Since then, the federal government increased benefits each year up to and including July 2001, and benefits will continue to increase due to indexation.

Figure 9 shows the total value of federal child benefits for low-income families since 1995, and includes expenditures up to 2001-2002. The federal investment in the NCB Supplement has increased dramatically over this period, from $300 million spent in 1996-1997 on the Working Income Supplement (WIS), which preceded the NCB, to an estimated $2.5 billion in 2001-2002.

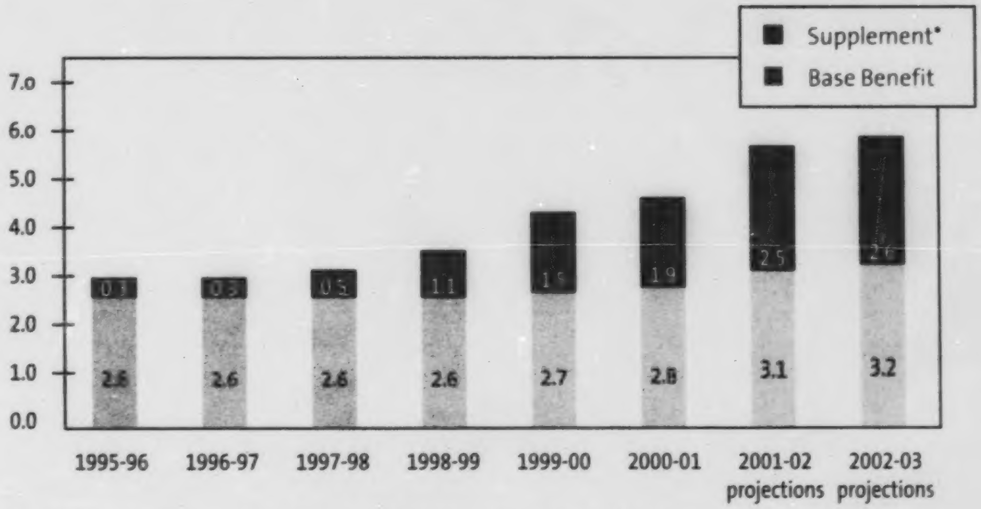
In addition, low-income families receiving the NCB Supplement also gain from increases in the CCTB base benefit, which has increased from $1,020 per child in 1996-1997 to $1,117 per child in 2001-2002.

These payments, totalling an estimated $3.1 billion in 2001-2002, are made to low-income Canadian families to assist with the care of more than 2.6 million children. Figure 9 does not show the basic benefit payments received by middle-income families; these total an estimated $2.3 billion in 2001-2002. As a result, taking the CCTB basic benefit and the NCB Supplement together, the Government of Canada's support to low- and middle-income families with children is estimated to reach a total of $7.9 billion in 2001-2002.

Table 7 shows that by July 2002, this increased investment will provide an annual benefit of up to $4,682 to low-income working families with two children, compared to the maximum annual benefit of $2,540 that such a family would have received in 1996. This is an 84 percent increase in six years. The increase is even greater for low-income families with more children.

FIGURE 9

Annual CCTB Expenditures for Low-Income Families 1995-96 to 2002-03



* Includes the former Working Income Supplement for the years 1995-96 to 1997-98

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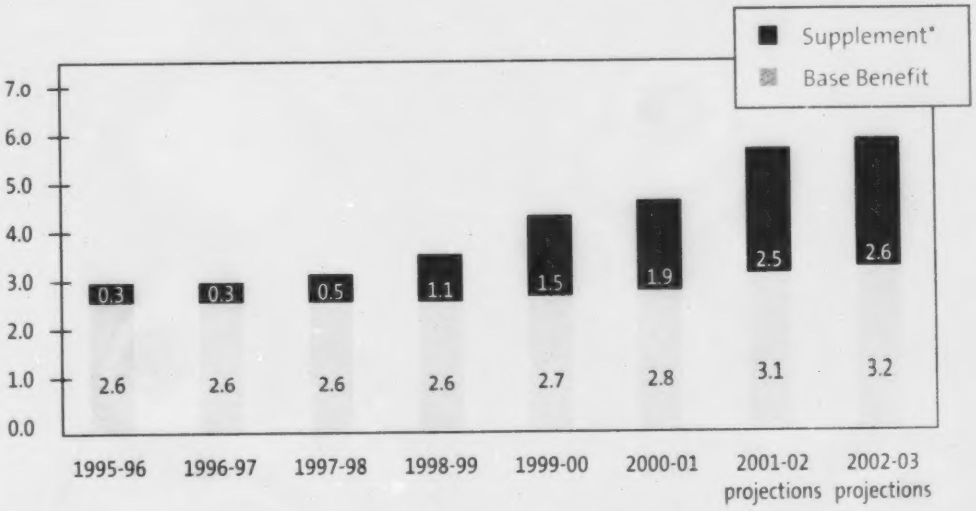

* Includes the former Working Income Supplement for the years 1995-96 to 1997-98

TABLE 7

Comparison of Maximum Federal Child Benefits in 1996 and 2002

NUMBER OF CHILDREN	1996-1997 MAXIMUM CTB+WIS	2002-2003 MAXIMUM BASE BENEFIT + NCB SUPPLEMENT	PERCENTAGE INCREASE IN FEDERAL BENEFITS
1	$1,520	$2,444	60%
2	**$2,540**	**$4,682**	**84%**
3	$3,635	$6,922	90%
4	**$4,730**	**$9,162**	**93%**

Note: Benefits do not include an additional benefit provided for each child less than seven years of age for whom no child care expenses were claimed. In 1996-1997, this benefit was equivalent to $213 per child, and will increase to $228 per child as of 2002-2003.

TABLE 8

Total Federal NCB Expenditures on a Program-Year Basis ($ millions)

	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
NCB Supplement	1,458.2	1,875.2	2,500.0
Children's Special Allowance	**39.0**	**50.0**	**64.0**
Resettlement Assistance Program	0.3	0.9	1.0
Additional First Nations investments	**8.3**	**2.6**	**6.8**
Total Expenditure	1,505.8	1,928.7	2,571.8

Based on federal government inflation projections[15], it is anticipated that by 2004, low-income families will receive maximum annual CCTB benefits of approximately $2,500 for the first child and approximately $2,300 for the second and each subsequent child, for total benefits of up to approximately $4,800 annually for a two-child family.

Indexing of Benefits

Since January 2000, the value of benefits delivered through the CCTB has been protected against inflation through full indexation of the federal personal income tax system. This means that the amounts of CCTB base benefit and NCB Supplement that are paid, and the income levels at which families become eligible for benefits, will keep pace with increases in the cost of living.

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[15] The 2000 federal budget projected inflation rates of 2.1 percent for 2003 and 2004.

Total Federal Investment in the NCB

In addition to the Government of Canada's substantial and growing investment in the NCB Supplement, it has also made other investments related to the NCB initiative. These include the Children's Special Allowance for supporting children in the care of foster parents, government departments or agencies, NCB-related investments for First Nations (in addition to NCB reinvestment funds), and additional investments in the Resettlement Assistance Program (RAP) for refugees. More details on these programs are provided on the National Child Benefit Website (http://www.nationalchildbenefit.ca).

As Table 8 indicates, total federal NCB expenditures have risen from just over $1.5 billion in 1999-2000 to an estimated $2.5 billion in 2001-2002.

TABLE 9

National Child Benefit Supplement Paid to Low-Income Families with Children for 1990-2000 and 2000-2001

	JULY 1999 – JUNE 2000		JULY 2000 – JUNE 2001	
JURISDICTION	NUMBER OF CHILDREN RECEIVING THE SUPPLEMENT	BENEFITS PAID FOR JULY 1999 – JUNE 2000 (MILLIONS)	NUMBER OF CHILDREN RECEIVING THE SUPPLEMENT	BENEFITS PAID FOR JULY 2000 – JUNE 2001 (MILLIONS)
Newfoundland and Labrador	53,900	$31.4	53,300	$38.2
Prince Edward Island	**12,500**	**$6.9**	**12,800**	**$8.7**
Nova Scotia	85,000	$50.3	86,800	$63.3
New Brunswick	**70,100**	**$40.9**	**70,700**	**$51.0**
Quebec	603,200	$341.3	624,200	$436.8
Ontario	**879,400**	**$504.4**	**907,700**	**$645.7**
Manitoba	124,300	$69.1	130,800	$91.0
Saskatchewan	**124,500**	**$69.5**	**128,500**	**$90.4**
Alberta	248,100	$138.4	267,100	$185.1
British Columbia	**339,900**	**$198.7**	**352,100**	**$255.6**
Nunavut	4,600	$2.5	4,200	$3.0
Northwest Territories	**4,900**	**$2.7**	**5,800**	**$4.0**
Yukon	2,700	$1.6	2,600	$1.7
Total*	2,555,300	$1,458.2	2,648,000	$1,875.2

* Includes Canadians living outside of Canada.

Note: Totals may not add due to rounding.

Source: Canada Customs and Revenue Agency

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Total*	2,555,300	$1,458.2	2,648,000	$1,875.2

* Includes Canadians living outside of Canada.

Note: Totals may not add due to rounding.

Source: Canada Customs and Revenue Agency

NCB Supplement

Table 9 shows the number of children who benefited from the NCB Supplement and the total amount of benefits by province or territory since the introduction of the NCB initiative. Some families receiving social assistance payments have the amount of their NCB Supplement offset by adjustments in the child benefits they receive from their province's, territory's or First Nation's social assistance program, which ensures that total benefits to families receiving social assistance remain at least as high as they were before the NCB Supplement was introduced. Where jurisdictions offset these funds, they are reinvesting them in NCB programs and services for children. These programs and services are described in Chapter 6.

6. The Provincial and Territorial Component of the National Child Benefit

The National Child Benefit (NCB) includes both federal and provincial/territorial components[36]. The federal component is described in Chapter 5, and involves increased federal payments to low-income families with children. As these have been implemented, most provinces and territories[37] have allowed the increased federal payments to replace part of their social assistance payments to families with children. This has allowed provinces and territories[38] to maintain total benefits to social assistance families at the same level as before, while providing increased funds to programs and services that benefit low-income families with children. These funds are known as NCB reinvestments.

Some jurisdictions[39] have reached the point where the NCB Supplement has fully offset the amount of child benefits delivered through social assistance and have restructured their social assistance systems to provide income-tested child benefits outside of welfare. As the NCB Supplement increases, these jurisdictions do not adjust their income-tested child benefits. For these jurisdictions, reinvestment funds represent the amount of "fixed" savings to the jurisdiction since the introduction of the NCB, carried forward on an annual, ongoing basis.

Other jurisdictions[40] have restructured their social assistance systems to provide income-tested child benefits outside of welfare. These jurisdictions, however, continue to offset increases to the NCB Supplement. For a more detailed discussion of the method that jurisdictions are using to offset social assistance benefits for children through the NCB, please see the Website http://www.nationalchildbenefit.ca.

In addition to these reinvestments, some jurisdictions are devoting additional funds to benefits and services that help meet the goals of the NCB. These additional funds are referred to as NCB investments. The total of reinvestments and investments make up the provincial/territorial NCB initiatives.

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[36] Percentages quoted in this chapter include First Nations expenditures, but First Nations information is not included in any of the five reported program areas.
The financial information presented in this report is subject to review by each jurisdiction in accordance with its audit requirements.

[37] In 1998-1999, New Brunswick and Newfoundland and Labrador chose not to adjust social assistance payments by the full amount of the NCB Supplement. New Brunswick continued this policy through 1999-2000. Newfoundland and Labrador redesigned its income support program in 1999-2000, with the introduction of the Newfoundland and Labrador Child Benefit as the provincial reinvestment initiative. In 2000-2001 and 2001-2002, Newfoundland and Labrador, New Brunswick and Manitoba did not recover the NCB Supplement increase to families receiving social assistance. In 2001-2002, Manitoba stopped recovering the NCB Supplement for children age six or under.

[38] The *National Child Benefit Progress Report: 2001* does not include data on investments and reinvestments for Quebec. All Quebec residents benefit in the same way as other Canadians from the Canada Child Tax Benefit. Moreover, they benefit from important investments made by the Quebec government, in the context of its family policy, in services for families and children.

[39] Newfoundland and Labrador, and Nova Scotia are in this situation.

[40] British Columbia and Saskatchewan are in this situation.

NCB initiatives benefit children in low-income working families as well as children in families receiving social assistance. This support – combined with the NCB Supplement, which is provided regardless of whether the family is in the labour market or receiving social assistance – helps reduce the "welfare wall," and aims to make it easier for families to become self-sufficient.

NCB initiatives build on investments to support low-income families with children that were made by several provinces and territories before the NCB began. In addition, provincial and territorial governments continue to provide important financial support to low-income families with children through social assistance or integrated child benefit programs.

TABLE 10

Provincial, Territorial and First Nations NCB Initiatives, Reinvestments and Total Initiatives, by Jurisdiction ($ millions)

JURISDICTION	EXPENDITURES 1999-2000		EXPENDITURES 2000-2001		ESTIMATES 2000-2001	
	TOTAL REINVESTMENT	INITIATIVES	TOTAL REINVESTMENT	INITIATIVES	TOTAL REINVESTMENT	INITIATIVES
Newfoundland and Labrador	5.1	13.2	6.8	16.7	7.0	18.0
Prince Edward Island	**1.4**	**1.4**	**1.8**	**1.8**	**2.0**	**2.2**
Nova Scotia	16.9	16.9	21.5	21.5	20.2	33.2
New Brunswick	**0.0**	**5.3**	**0.0**	**8.4**	**0.0**	**8.8**
Ontario	151.0	184.0	166.7	205.9	193.8	253.8
Manitoba*	**15.6**	**19.4**	**17.0**	**30.7**	**12.7**	**35.1**
Saskatchewan	22.2	45.1	29.0	35.8	38.0	41.0
Alberta	**22.0**	**22.0**	**32.1**	**32.1**	**35.2**	**35.2**
British Columbia	121.3	121.3	176.3	176.3	239.3	239.3
Yukon	**0.2**	**0.6**	**0.2**	**0.9**	**0.3**	**1.1**
Northwest Territories	0.7	2.1	0.8	2.1	1.3	2.2
Nunavut	**1.6**	**2.3**	**2.3**	**2.8**	**2.5**	**2.6**
First Nations	41.9	50.2	50.2	54.3	53.8	59.5
Citizenship and Immigration Canada	**2.3**	**2.3**	**2.3**	**3.1**	**1.8**	**2.8**
Total	402.0	486.2	507.0	592.3	607.8	734.7

* Some Early Childhood Development funding is included in total initiatives for 2001-2002

Note: Totals may not add due to rounding.

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Nova Scotia	16.9	16.9	21.5	21.5	20.2	33.2
New Brunswick	**0.0**	**5.3**	**0.0**	**8.4**	**0.0**	**8.8**
Ontario	151.0	184.0	166.7	205.9	193.8	253.8
Manitoba*	**15.6**	**19.4**	**17.0**	**30.7**	**12.7**	**35.1**
Saskatchewan	22.2	45.1	29.0	35.8	38.0	41.0
Alberta	**22.0**	**22.0**	**32.1**	**32.1**	**35.2**	**35.2**
British Columbia	121.3	121.3	176.3	176.3	239.3	239.3
Yukon	**0.2**	**0.6**	**0.2**	**0.9**	**0.3**	**1.1**
Northwest Territories	0.7	2.1	0.8	2.1	1.3	2.2
Nunavut	**1.6**	**2.3**	**2.3**	**2.8**	**2.5**	**2.6**
First Nations	41.9	50.2	50.2	54.3	53.8	59.5
Citizenship and Immigration Canada	**2.3**	**2.3**	**2.3**	**3.1**	**1.8**	**2.8**
Total	402.2	486.1	507.0	[illegible]	607.8	734.7

* Some Early Childhood Development funding is included in total initiatives for 2001-2002.

Note: Totals may not add due to rounding.

NCB Initiatives in 2000-2001 and 2001-2002

In 2000-2001 – the second full fiscal year of the NCB – provincial, territorial and First Nations reinvestments and investments totalled $592.3 million. In 2001-2002, reinvestments and investments are estimated to reach a total of $734.7 million.

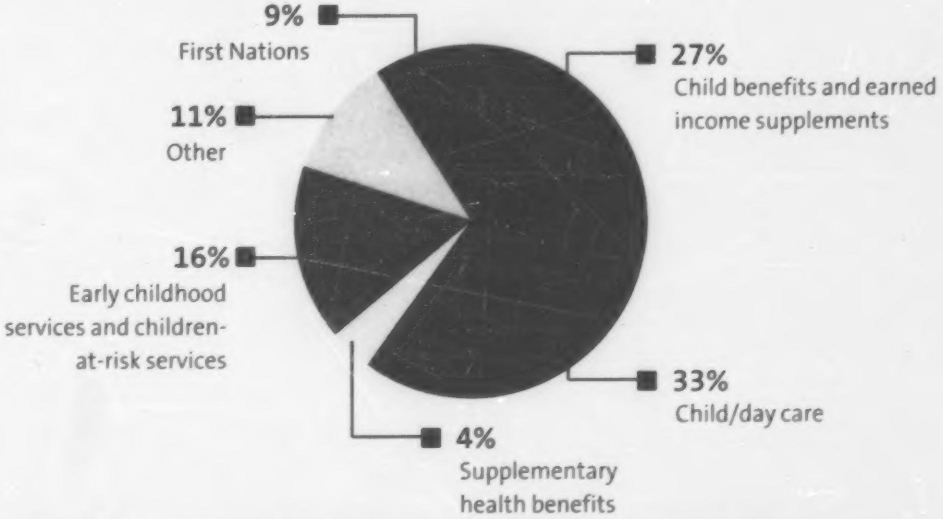
Table 10 provides a breakdown of each jurisdiction's expenditures over the first three full fiscal years of the initiative. Figures for 1999-2000 and 2000-2001 are actual expenditures, while 2001-2002 figures are estimates.

In deciding what initiatives to support through NCB reinvestments and investments, provinces and territories are guided by a National Reinvestment Framework that was agreed to by the Ministers Responsible for Social Services[41]. Under this framework, each province and territory has the flexibility to make decisions on reinvestments that respond to its own priorities and the needs of its residents, while also supporting the objectives of the NCB.

Many provinces, territories and First Nations base their reinvestment decisions on consultation with their residents, or are including such consultation as part of an overall redesign of their income supports.

FIGURE 10

Summary of Provincial/Territorial and First Nations NCB Initiatives, by Program Area, 2000-2001 Actuals



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[41] First Nations also follow a reinvestment framework, which is administered by the federal Department of Indian Affairs and Northern Development (described in Chapter 7 of this report). Citizenship and Immigration Canada (CIC) administers the Resettlement Assistance Program (RAP), which provides refugees with benefits that reflect the amounts that jurisdictions provide through social assistance. As a result, there is also an NCB reinvestment component to the RAP program.

Reinvestments and investments are providing new or enhanced supports for low-income families in five key areas:

- child benefits and earned income supplements;
- child/day care initiatives;
- early childhood services and children-at-risk services;
- supplementary health benefits; and
- other NCB initiatives.

Child Benefits and Earned Income Supplements

Child benefits and earned income supplements provide important financial support to low-income families. Increasingly, provinces and territories are providing these benefits outside of the social assistance system, so that families receive child benefits independently of the parents' employment situation. These child benefits improve the financial stability of low-income families, help make up for relatively low wages that often come with entry-level jobs, and aim to make it possible for parents to stay in the labour market and work toward higher wages in the future.

Several provinces have completely restructured their social assistance systems so that they now provide child benefits outside of social assistance. As a result, families in these provinces keep their provincial child benefits – in addition to the NCB Supplement – when parents make the transition from social assistance to work.

Several other jurisdictions provide child benefits that top up the amount that families receive through social assistance in support of their children. In most of these cases, the provincial or territorial child benefit is combined with the federal Canada Child Tax Benefit in a single monthly payment.

Some jurisdictions also provide low-income working families with an earned income supplement. This is a form of child benefit that provides families with an employment incentive in the form of additional resources to help with the cost of raising children. Eligibility is tied to earning a certain minimum amount from employment. Earned income supplements top up family-earned income for low-wage earners, helping families to cover the added costs of employment.

Child benefits and earned income supplements have accounted for the second largest share of NCB initiatives in each year of the NCB.

Child/Day Care Initiatives

Child care must be accessible and affordable, so that low-income parents can enter and stay in jobs. Improving access to affordable child care provides this opportunity and contributes to healthy child development.

Provincial/territorial NCB initiatives in child care have taken a variety of forms, with eight provinces devoting NCB funding to this area.

TABLE 11

Child Benefits and Earned Income Supplements — NCB Initiatives ($ millions)

	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
Provincial/territorial & CIC expenditures	151.9	161.1	203.8
Percentage of total NCB initiatives	**31.3%**	**27.2%**	**27.7%**

TABLE 12

Child/Day Care — NCB Initiatives ($ millions)

	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
Provincial/territorial & CIC expenditures	173.7	197.6	225.5
Percentage of total NCB initiatives	**35.8%**	**33.4%**	**30.6%**

Child/day care has accounted for the largest share of NCB initiative funding in each of the NCB's first four years. About 80 percent of the total NCB-related child/day care funding is for a single program – Ontario's Child Care Supplement for Working Families.

Some jurisdictions provide funding through subsidies to child care facilities; these subsidies allow facilities to offer low-income working families access to child care at a more affordable price. Other jurisdictions provide assistance directly to families; this reduces families' share of child care costs while allowing them to choose the form of child care that best meets their needs. Some jurisdictions combine both approaches.

Each of these forms of support is designed to help low-income families cover the additional costs of child care that result from being employed. Jurisdictions have modelled their programs to the specific environment and needs of families in the jurisdiction.

Early Childhood Services and Children-at-Risk Services

Experts on child development agree that the first six years of life are critical to a child's development and future well-being. Several jurisdictions are focusing NCB initiatives on services that provide early support to low-income families with children in order to optimize child development and give young children a healthy start in life. These programs range from prenatal screening to information on mother and child nutrition and parenting skills.

In addition to providing early childhood services, these programs are also valuable in providing children and youth at risk with support to help them develop in positive directions. Children-at-risk services, ranging from early literacy classes to recreation programs and youth community programs, can make a positive difference to these children.

TABLE 13

Early Childhood Services and Children-at-Risk Services — NCB Initiatives ($ millions)

	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
Provincial/territorial & CIC expenditures	48.6	91.9	139.7
Percentage of total NCB initiatives	**10.0%**	**15.5%**	**19.0%**

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Percentage of total NCB initiatives	10.0%	15.5%	19.0%

Programs in these areas accounted for the third largest share of NCB initiative funding for the last three years. This area of investment has grown the most of all categories in terms of the number of jurisdictions investing in it – increasing from six jurisdictions to eleven jurisdictions over the four years of the NCB.

Supplementary Health Benefits

Supplementary health benefits are benefits that go beyond basic Medicare coverage, including a range of benefits that could include optical care, prescription drugs, dental care, or other benefits. The nature of these benefits varies among jurisdictions, most of which have long provided them to families receiving social assistance. Now, NCB initiatives in some provinces and territories are providing these benefits to all children in low-income families.

These programs ensure that families do not lose important health benefits when they move from social assistance to the labour market. This makes it easier for families to leave social assistance, as they can still rely on having these important benefits for their children.

The health benefits that are provided as NCB initiatives vary among jurisdictions. Alberta's Child Health Benefit is the largest of these initiatives in the country, making up about 75 percent of the total amount being spent on this type of NCB initiative across Canada.

Supplementary health benefits have grown over the NCB's four years in terms of the number of jurisdictions investing in them (five jurisdictions in 2001-2002) and the dollars invested.

TABLE 14

Supplementary Health Benefits — NCB Initiatives ($ millions)

	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
Provincial/territorial & CIC expenditures	15.9	22.6	25.4
Percentage of total NCB initiatives	**3.3%**	**3.8%**	**3.5%**

Other NCB Initiatives

The flexibility of the NCB enables provinces and territories to come up with their own answers to the particular challenges facing their jurisdictions. Seven jurisdictions plus Citizenship and Immigration Canada (CIC) have investments in this category.

The wide variety of reinvestments undertaken by Ontario municipalities, which share responsibility for social assistance with the province, are examples of initiatives in this category. These municipal reinvestments range from early intervention and child care to employment supports and prevention programs. Other reinvestments account for the fourth largest share of NCB initiative funding.

TABLE 15

Other — NCB Initiatives ($ millions)

	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
Provincial/territorial & CIC expenditures	45.8	64.8	82.0
Percentage of total NCB initiatives	**9.4%**	**10.9%**	**11.2%**

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7. First Nations and the National Child Benefit

The Government of Canada is committed to focusing on the day-to-day issues and problems facing First Nations on reserve. The country's changing demographic profile points to a First Nations population increasing at a greater rate, coupled with lower socio-economic indicators, when compared to the general Canadian population. Therefore, the federal government wants to take practical measures to ensure that First Nations on reserve have the same opportunities enjoyed by all Canadians. The First Nations National Child Benefit (NCB) reinvestment component is one of these measures, and the Government of Canada continues to work in partnership with First Nations, based on the principle of mutual respect, to realize the shared goal of improving First Nations quality of life.

This chapter outlines how First Nations on reserve and the federal government are cooperatively addressing the needs of low-income families through the First Nations NCB reinvestment component. First, it will explain how First Nations on reserve implement the NCB reinvestment component, and the types of activity areas in which reinvestments occur. Second, the chapter looks at how the progress of the NCB reinvestment component is being monitored – through self-evaluations and an interim evaluation. Third, this chapter outlines the next steps for the First Nations NCB reinvestment component while continuing to ensure that First Nations have the flexibility to implement programs and deliver services that meet the priorities of their individual communities, simultaneously furthering the goals of the NCB aimed at preventing and reducing child poverty and making links to the labour market.

First Nations and the NCB Reinvestment

Approximately 600 First Nations across the country participate in the NCB. Each plays a significant role in the implementation of the NCB as it administers the reinvestment component. Similar to provincial and territorial governments, First Nations that deliver social assistance have the flexibility to reinvest savings from adjustments made through social assistance into programs and services tailored to meet the needs and priorities of the individual community, while furthering the goals of the NCB.

Programs undertaken by First Nations vary from community to community and tend to cover a wider range of program areas than those of their provincial and territorial counterparts. The reason for this is two-fold: i) the NCB amounts available to First Nations vary according to the size and population of the community, and ii) First Nations tailor their reinvestments to meet the specific needs of their individual communities. First Nations living in the same province or territory may focus on different areas for reinvestment based on the situations within their communities, as long as the reinvestments relate back to the goals of the NCB.

The NCB reinvestment component aims to provide a sense of community ownership of the activities because each activity is designed by the community to specifically address its own diverse and unique needs. Community ownership is enhanced due to the greater impact that a specifically designed activity can have on a small population. For example, if a community aimed

to teach its young people about nutrition and the importance of a healthy breakfast, nutrition and school breakfast or lunch programs might be established through the NCB to meet this goal. In other instances, communities have initiated new programs with NCB funds that otherwise would not have been developed. These include community enrichment activities like raising awareness of cultural traditions, self-esteem programs, or recreational activities for children and youth.

NCB reinvestment programs for First Nations on reserve fall into five broad activity areas:

Child/Day Care – Development and enhancement of day care facilities and the provision of child care services which allow more families with low incomes to gain access to day care spaces, or to have their share of child care costs reduced. Child/day care reinvestments include enhancements to existing day care centres, increasing the number of day care spaces, and child care for children of parents on employment/training programs.

Child Nutrition – Improving the health and well-being of children by providing school meal programs as well as education to parents on family nutrition and meal preparation. Some examples include educational programs aimed at nutrition, food hampers, and meal programs (hot lunches, breakfasts and snacks) provided in school.

Early Child Development – Focused on early intervention for parents to help their children with a healthy start in life. Some examples include parenting skills programs and drop-in centres for parents.

Employment Opportunities/Training Programs – Directed at increasing the skill level of individuals with children and thereby increasing their chances of obtaining work. Examples include employment and skills development, youth summer work programs and personal development workshops.

TABLE 16

First Nations NCB Reinvestments since 1998

YEAR	TOTAL REINVESTMENT
1998-1999	$30.3M
1999-2000	$50.2M
2000-2001	$54.3M*
2001-2002	$59.5M*

* Estimate

TABLE 17

Families and Children Benefiting from NCB Reinvestments in 2000-2001

REGION	FAMILIES	CHILDREN
Yukon	165	253
British Columbia	17,046	28,907
Alberta	3,396	8,354
Saskatchewan	1,294	3,599
Manitoba	6,197	14,796
Ontario	11,091	20,742
Quebec	14,214	20,433
Atlantic	593	963
Total	53,996	98,047

Community Enrichment – In First Nations communities, reducing the depth of child poverty and creating an attachment to the workforce is intimately linked to increasing self-esteem and self-awareness, and fostering a sense of history and pride of the culture. This activity area addresses these intangible and qualitative elements by funding programs and services in the area of cultural teachings (art, music, or storytelling), recreational activities, peer support groups, or groups which to teach its young people about nutrition and the importance of a healthy breakfast, nutrition and school breakfast or lunch programs might be established through the NCB to meet this goal. In other instances, communities have initiated new programs with NCB funds that otherwise would not have been developed. These include community enrichment activities like raising awareness of cultural traditions, self-esteem programs, or recreational activities for children and youth.

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Table 16 shows the total First Nations NCB reinvestment envelope since the program was implemented in 1998.

Although it is difficult to assess the number of children and families benefiting from the NCB, it is evident that a significant number of First Nations are involved in reinvestment activities. While the figures in Table 17 were submitted by First Nations, they represent only a benchmark from which the number of children and families benefiting from the NCB can be estimated. Given that, in some instances, First Nations combine resources with other programs such as Aboriginal Head Start or First Nations and Inuit Child Care, more children may be benefiting than are included in this table.

Monitoring Progress – Evaluating the First Nations NCB

Monitoring progress of the NCB with First Nations is a two-pronged approach. First, the self-evaluation process involves ongoing regional workshops and an annual national workshop, which includes participants from the regional workshops. Participation is voluntary. Second, the *Interim Evaluation of the National Child Benefit for First Nations* is a cooperative process between First Nations and Indian and Northern Affairs Canada (INAC). The process began in 2001 and involved a sample of approximately 10 First Nation communities from across the country; results will be available in June 2002. The approach taken in the evaluation process emphasizes an ongoing working relationship between INAC and First Nations.

Self-Evaluations

The NCB Self-Evaluation process has been established over the previous two years with regional workshops that included approximately 50 First Nations from across the country. Self-evaluations provide communities with the opportunity and skills to evaluate their NCB projects using their own success criteria, with an emphasis on qualitative *and* quantitative data. The benefit of self-evaluations is that they measure the impact of community policies and programs as judged by the community itself. They can also be used as an accountability tool within communities, and as a feedback mechanism into the policy process at INAC. The regional workshops provide an opportunity for First Nations to share information on best practices and challenges faced in the implementation of NCB and other projects.

NCB National Self-Evaluation Workshop

The goal of the NCB National Self-Evaluation Workshop is to bring together participants from the regional workshops to improve the self-evaluation tool, share information between First Nations themselves and the federal government, build capacity for project evaluation, and improve data-reporting practices. The first NCB National Self-Evaluation Workshop was held in Wanuskewin, Saskatchewan in September 2000. As the self-evaluation process evolves, future events will be aimed at building capacity, sharing information between First Nations, and topics of mutual interest between the government and First Nations, such as program delivery, data collection and reporting.

Interim Evaluation

The *Interim Evaluation of the National Child Benefit for First Nations*, to be released in summer 2002, aims to assess how well the NCB reinvestment component has been implemented in First Nations communities, the satisfaction with the initiative among the main participants and the short-term outcomes. It involved the collection of data from a number of sources, including but not limited to site visits to eight First Nation communities in four regions, which included a dialogue circle in each community and interviews with Chiefs and Council Members; 28 key informant interviews; and two case studies of communities that exemplify best practices in data collection and reporting.

The evaluation highlights three key themes of the First Nations NCB reinvestment component: flexibility for First Nations in programming, First Nations ownership of the program, and the importance of reporting. It also contains several recommendations to improve the NCB reinvestment component for First Nations. Some of the key observations include:

- Key informants unanimously see the core NCB goals as relevant; everyone who was interviewed supported the first goal (to reduce and prevent the depth of child poverty).
- The fact that NCB reinvestments respond to regional and local needs is a valuable feature of this initiative. The variation that exists in delivery and program content is a positive sign that the initiative is being applied as intended.
- NCB reinvestment programs that link to other programs with similar objectives should be studied and promoted both within and across regions as examples of effective delivery.
- The evaluation found that priorities of low-income families and line staff focus on providing direct and immediate assistance and services to children and families, provided by the NCB reinvestment component.
- Overall, the report found that the First Nations NCB reinvestment component has been effectively implemented, and has made an important and valuable contribution to the well-being of children in First Nations communities.

The *Interim Evaluation of the National Child Benefit for First Nations* will be available on INAC's Website at the following link: http://www.ainc-inac.gc.ca/pr/pub/ae/index_e.html

Next Steps

INAC will continue to work with its First Nation partners to ensure that the First Nations NCB reinvestment component continues to be successful. Next steps include:

- development of an action plan to address the recommendations contained within the *Interim Evaluation of the National Child Benefit for First Nations*;
- a First Nations NCB Summative Evaluation due in 2004; and
- INAC's continuing participation at the federal/provincial/territorial level with the NCB Working Group.

8. The Way Ahead

For the first time, the impacts of the NCB on reducing child poverty have been demonstrated. An estimated 1.2 million families with about 2.1 million children saw an increase in their income. For low-income families, they saw an average increase in their income of $775. The low-income gap (additional amount of income low-income families would need to reach the low-income line) was reduced by approximately 6.5 percent and the number of low-income families with children was reduced by 2.4 percent, or approximately 16,500 families with 33,800 children.

In 1999, it is estimated that the Government of Canada, along with provincial and territorial governments, invested $950 million in the income support component of the NCB initiative. Notably, the direct impacts cover only the period between January and December 1999 – approximately 18 months after the implementation of the NCB. As a result of further investments in 2000 and 2001, however, it is estimated that total government investments in the income component of the NCB will represent approximately twice that amount. Therefore, it is expected that the impacts may further increase for 2000 and 2001. These impacts, using the Survey of Labour and Income Dynamics, will continue to be reported upon in future NCB Progress Reports.

An evaluation of the NCB is currently underway. It focuses on the direct impact of the NCB on low-income families with children. The evaluation results will be the primary feature of the next NCB Progress Report.

While these results are encouraging, federal, provincial and territorial Ministers Responsible for Social Services realize that fighting child poverty will continue to require a sustained effort in the years to come. In its first three years, the NCB put in place the key components of a reformed child benefit system. This system has resulted in a stronger national platform of child benefits, along with additional benefits and services provided at the provincial, territorial and First Nations levels. As well, the 2000 federal budget ensured its sustainability by restoring full indexation to the personal income tax system.

The benefits and services that provinces, territories and First Nations provide under the NCB initiative are equally important components of this reformed system. These investments have been expanded since the NCB was established and have benefited from jurisdictions' shared knowledge and experiences. Federal, provincial and territorial cooperation is one of the great benefits of the NCB.

As the initiative moves forward, more results and impacts will become available. These will be the focus of future Progress Reports, demonstrating the commitment of governments to report to the public on NCB results.

Appendix 1 – Glossary

CCTB, or Canada Child Tax Benefit, is a federal income support program for Canadian families with children that is delivered through the income tax system. The CCTB includes two components: a basic benefit, which provides federal income support to 80 percent of Canadian families with children; and the NCB Supplement, which provides additional support to low-income families.

Depth of low income is the additional amount of income a low-income family would need to reach a pre-determined line, such as Statistics Canada's Low-Income Cut-Offs (LICOs), or the Low-Income Measure (LIM).

Disposable income is the income that a family has left after it has paid personal income taxes and other tax-related contributions, such as Canada Pension Plan and Employment Insurance premiums.

Earnings supplements are payments from governments to families that top up work-related earnings. Earnings supplement programs are often targeted to low-income working families and sometimes pay different amounts, depending on the number of children in a family.

Incidence of low income is the proportion of families with children with annual income falling below a pre-determined line, such as Statistics Canada's LICOs, or the LIM.

Indicators in the context of this report are statistics that show how well Canadian families are faring. **General Outcome Indicators** measure areas such as low income and labour force attachment and do not assume that any changes are necessarily caused by the NCB. **Direct Outcome Indicators**, on the other hand, measure only those changes that are directly caused by the NCB.

National Child Benefit, or NCB, is a joint federal, provincial and territorial government initiative designed to support low-income families with children. It includes increased federal income support plus provincial, territorial and First Nations reinvestments and additional investments in programs and services. The NCB began in July 1998.

NCB investments are funds in addition to reinvestment funds that some provinces, territories and First Nations are spending on NCB-related benefits and services for low-income families.

NCB reinvestments are funds that provinces, territories and First Nations have available for new or expanded benefits and services for low-income families as a result of new federal funding for the NCB Supplement, which replaces part of provincial/territorial social assistance payments to families with children. Some jurisdictions have restructured social assistance and pay child benefits outside of welfare through an integrated child benefit. They do not make adjustments to child benefits when the NCB Supplement increases. For these jurisdictions, reinvestment funds represent the amount of "fixed" savings to the jurisdiction since the introduction of the NCB, carried forward on an annual basis.

NCB Supplement is the federal contribution to the NCB – a monthly payment targeted to low-income families to help with the cost of raising children. It is a component of the CCTB.

Social Assistance, or SA, is a system of income support administered by provincial and territorial governments; it is commonly known as welfare.

Working Income Supplement, or WIS, was a federal program that preceded the NCB, providing income support to supplement the earnings of low-income working families. The WIS was replaced in July 1998 by the NCB Supplement. Some provinces and territories have reinvested NCB funds in their own versions of a WIS.

Appendix 2 – Results of the SLID Analysis

TABLE 1

Change in Families with Children Living in Low Income: January 1999 to December 1999

	ONE-PARENT FAMILIES	TWO-PARENT [illegible]	ALL [illegible]
Pre-Tax LICOs			
Decline in Number of Children Living in Low Income	10,200	23,000	33,800
Decline in Number of Families Living in Low Income	5,200	10,800	16,500
Percentage Change in Number of Families Living in Low Income	- 1.6%	- 3.2%	- 2.4%
Decline in Incidence of Low Income Among Families with Children*	0.7	0.3	0.4
Post-Tax LICOs			
Decline in Number of Children Living in Low Income	**16,300**	**52,000**	**69,200**
Decline in Number of Families Living in Low Income	**7,500**	**20,700**	**28,500**
Percentage Change in Number of Families Living in Low Income	**- 2.9%**	**-8.2%**	**-5.4%**
Decline in Incidence of Low Income Among Families with Children*	**1.0**	**0.7**	**0.7**
Post-Tax LIM			
Decline in Number of Children Living in Low Income	17,800	41,100	59,200
Decline in Number of Families Living in Low Income	8,100	17,300	25,800
Percentage Change in Number of Families Living in Low Income	-3.0%	-6.8%	-4.8%
Decline in Incidence of Low Income Among Families with Children**	1.1	0.5	0.6

*Decline in incidence of low income is expressed in percentage points.

Source: Statistics Canada special tabulation from the SLID 1999.

Appendix 2 – Results of the SLID Analysis

TABLE 1

Change in Families with Children Living in Low Income: January 1999 to December 1999

SLID 1999	ONE-PARENT FAMILIES	TWO-PARENT FAMILIES	ALL FAMILIES
Pre-Tax LICOs			
Decline in Number of Children Living in Low Income	10,200	23,000	33,800
Decline in Number of Families Living in Low Income	5,200	10,800	16,500
Percentage Change in Number of Families Living in Low Income	- 1.6%	- 3.2%	- 2.4%
Decline in Incidence of Low Income Among Families with Children*	0.7	0.3	0.4
Post-Tax LICOs			
Decline in Number of Children Living in Low Income	**16,300**	**52,000**	**69,200**
Decline in Number of Families Living in Low Income	**7,500**	**20,700**	**28,500**
Percentage Change in Number of Families Living in Low Income	**- 2.9%**	**-8.2%**	**-5.4%**
Decline in Incidence of Low Income Among Families with Children*	**1.0**	**0.7**	**0.7**
Post-Tax LIM			
Decline in Number of Children Living in Low Income	17,800	41,100	59,200
Decline in Number of Families Living in Low Income	8,100	17,300	25,800
Percentage Change in Number of Families Living in Low Income	-3.0%	-6.8%	-4.8%
Decline in Incidence of Low Income Among Families with Children**	1.1	0.5	0.6

*Decline in incidence of low income is expressed in percentage points

Source: Statistics Canada special tabulation from the SLID 1999

TABLE 2

Change in the Depth of Low Income: January 1999 to December 1999

SLID 1999	ONE-PARENT FAMILIES	TWO-PARENT FAMILIES	ALL FAMILIES
Pre-Tax LICOs			
Decline in the Low-Income Gap (in millions of dollars)	$160	$235	$400
Percentage Change in the Low-Income Gap	- 5.5%	- 7.5%	- 6.5%
Post-Tax LICOs			
Decline in the Low-Income Gap (in millions of dollars)	**$120**	**$180**	**$310**
Percentage Change in the Low-Income Gap	**- 7.7 %**	**- 10.1%**	**- 9.0%**
Post-Tax LIM			
Decline in the Low-Income Gap (in millions of dollars)	$130	$180	$320
Percentage Change in the Low-Income Gap	-8.2%	-10.4%	-9.3%

Source: Statistics Canada, SLID 1999.

As displayed in this Appendix, impacts vary with the specific low-income measure used. The impacts of the NCB on the number and incidence of families living in low income are greater using post-tax LICOs relative to pre-tax LICOs. Possible explanations include the distribution of families around low-income lines. Further analytical work would need to be undertaken to understand the factors at play.

TABLE 2

Change in the Depth of Low Income: January 1999 to December 1999

[illegible]	ONE PARENT FAMILIES	TWO PARENT FAMILIES	ALL FAMILIES
Pre-Tax LICOs			
Decline in the Low-Income Gap (in millions of dollars)	$160	$235	$400
Percentage Change in the Low-Income Gap	- 5.5%	- 7.5%	- 6.5%
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Decline in the Low-Income Gap (in millions of dollars)	**$120**	**$180**	**$310**
Percentage Change in the Low-Income Gap	**- 7.7 %**	**- 10.1%**	**- 9.0%**
Post-Tax LIM			
Decline in the Low-Income Gap (in millions of dollars)	$130	$180	$320
Percentage Change in the Low-Income Gap	-8.2%	-10.4%	-9.3%

Source: Statistics Canada, SLID 1999.

As displayed in this Appendix, impacts vary with the specific low-income measure used. The impacts of the NCB on the number and incidence of families living in low income are greater using post-tax LICOs relative to pre-tax LICOs. Possible explanations include the distribution of families around low-income lines. Further analytical work would need to be undertaken to understand the factors at play.

Appendix 3 – Results from the SPSD/M Exercise[1]

The Social Policy Simulation Development Model (SPSD/M) is a micro-simulation model and database that provides more flexibility to account for such things as monthly variations in social assistance received. This flexibility is valuable in assessing the impact of the National Child Benefit (NCB) on a monthly basis. The exercise was facilitated by the one-time data sharing of social assistance caseload information[2]. The income data used in the SPSD/M[3] are based on Statistics Canada's 1997 Survey of Consumer Finance.

As illustrated in Table 3, using pre-tax LICOs in 1999, the number of low-income families declined by about 4.1 percent due to the NCB. This decline resulted in approximately 25,000 families with children moving out of low income. Broken down by family type, the number of two-parent families would have been 4.6 percent higher and the number of one-parent families would have been 3.2 percent higher if the NCB had not been introduced. More specifically, this consists of a decline of about 18,000 two-parent families and 7,000 one-parent families.

Compared to the Survey of Labour and Income Dynamics (SLID) analysis, the SPSD/M results show a smaller decline in the number of one-parent families leaving low income. Possible explanations include the difference in the definition of family composition between the SLID and the SPSD/M as well as adjustments to the SPSD/M based on administrative data. In the instance of one-parent families, in 1999, the SPSD/M reported 437,000 families. This number is considerably less than the 731,000 reported in the SLID.

The NCB has not only prevented families with children from living in low income, it has also increased the level of income of families with children that remained in low income. As Table 4 demonstrates, based on pre-tax LICOs, low-income families living in low income over the period of July 1999 to June 2000 saw an average increase in their income of $775 due to the NCB. Broken down by family type, two-adult low-income families with children saw an average increase of $955 in their income and one-adult low-income families with children saw an average increase of $450 over the same period.

Overall, because of the introduction of the NCB, the low-income gap was reduced by a total of $465 million over the period of July 1999 to June 2000. This reduction corresponds to a decline in the low-income gap of 7.6 percent. Taking into account family structure, the decline in the low-income gap for two-adult families was $370 million, representing a decline of 8.6 per cent during that year. For one-adult families, this decline was $95 million or 5.2 per cent during the same period.

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[1] This analysis is based on Statistics Canada's Social Policy Simulation Database and Model. The assumptions and calculations underlying the simulation results were specified by Social Policy Directorate, HRDC and the responsibility for the use and interpretation of these data is entirely that of the author(s). The SPSD/M exercise was conducted using the NCB Supplement benefit level over the July 1999 to June 2000 period. During that period, the maximum annual level of the NCB Supplement was $785 for the first child, $585 for the second child and $510 for each additional child.

[2] Data were shared by the provinces of Alberta, Saskatchewan, Manitoba, Ontario and Newfoundland and Labrador.

[3] For the purpose of this exercise, SPSD/M version 9.0 was used.

TABLE 3

Change in Families with Children Living in Low Income: July 1999 to June 2000

SPSD/M	ONE PARENT FAMILIES	TWO PARENT FAMILIES	ALL FAMILIES
Pre-Tax LICOs			
Decline in Number of Families Living in Low Income	7,000	18,000	25,000
Percentage Change in Number of Families Living in Low Income	- 3.2%	- 4.6%	- 4.1%
Decline in Incidence of Low Income Among Families with Children*	1.6	0.5	0.7
Post-Tax LICOs			
Decline in Number of Families Living in Low Income	**11,000**	**31,000**	**42,000**
Percentage Change in Number of Families Living in Low Income	**- 6.3%**	**- 9.7%**	**- 8.5%**
Decline in Incidence of Low Income Among Families with Children*	**2.4**	**0.9**	**1.1**
Post-Tax LIM			
Decline in Number of Families Living in Low Income	6,000	22,000	28,000
Percentage Change in Number of Families Living in Low Income	-3.7%	- 8.4%	- 6.6%
Decline in Incidence of Low Income Among Families with Children*	1.3	0.6	0.7

*Decline in incidence of low income is expressed in percentage points.

Source: HRDC, Social Policy Directorate staff analysis, based on Statistics Canada special tabulations from the SPSD/M.

As a result, the SPSD/M analysis using pre-tax LICOs, like the SLID analysis, finds that the NCB is helping to reduce the depth of low income. As indicated in Chapter 4, these findings corroborate the results based on the SLID database.

As shown in Table 4, the decline in the low-income gap can also be expressed on a per family basis, referred to as the decline in the average low-income gap. Based on this measure, the low-income gap or the additional amount needed, on average, by a low-income family to reach the pre-tax LICO decreased by $370 due to the NCB. The decline is lower than the average increase in income of low-income families of $775, because it does not account for the 25,000 families who moved out of low income due to the NCB. The following example illustrates how differences between the two outcome indicators can emerge.

An Example of Average Low-Income Gap Versus Average Increase in Family Income

Suppose that without the NCB two families with children were living in low income and that the first family needed $1,000 to reach its

TABLE 4

Changes in the Depth of Low Income – Families with Children, July 1999 to June 2000

SPSD/M	ONE-PARENT FAMILIES	TWO-PARENT FAMILIES	ALL FAMILIES
Pre-Tax LICOs			
Decline in the Low-Income Gap (in millions of dollars)	$95	$370	$465
Average Increase in the Income of Low-Income Families	$450	$955	$775
Decline in the Average Low-Income Gap[4]	$170	$470	$370
Percentage Change in the Low-Income Gap	- 5.2%	- 8.6%	- 7.6%
Post-Tax LICOs			
Decline in the Low-Income Gap (in millions of dollars)	**$75**	**$300**	**$375**
Average Increase in the Income of Low-Income Families	**$450**	**$940**	**$765**
Decline in the Average Low-Income Gap[4]	**$95**	**$130**	**$140**
Percentage Change in the Low-Income Gap	**- 7.7%**	**- 10.9%**	**- 10.0%**
Post-Tax LIM			
Decline in the Low-Income Gap (in millions of dollars)	N/A	N/A	$325
Average Increase in the Income of Low-Income Families	$435	$970	$760
Decline in the Average Low-Income Gap[4]	$270	$305	$ 335
Percentage Change in the Low-Income Gap	- 7.8%	- 10.9%	- 10.1%

Source: HRDC, Social Policy Directorate staff analysis, based on Statistics Canada special tabulations from the SPSD/M

low-income line and the second family needed $250. The low-income gap of these two families would be $1,250 ($1,000 + $250) and the average low-income gap would be $625 ($1,250 / 2 families). If, because of the NCB, both families had seen an increase in income of $750, the first family would still need $250 ($1,000 -$750) to reach its low-income line. While the second family would move out of low income by $500. As a result, with the NCB, the low-income gap would be $250 and the average low-income gap would be $250 ($250 /1 family). As this example illustrates, even though both families experienced an increase of $750 in their income because of the NCB, the decline in the average low-income gap would be $375 ($625 - $250).

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[4] This decline is lower than the average increase in income of low-income families because it does account for families who moved out of low income due to the NCB (see example on previous page).

TABLE 3

Change in Families with Children Living in Low Income: July 1999 to June 2000

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Decline in Number of Families Living in Low Income	6,000	22,000	28,000
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*Decline in incidence of low income is expressed in percentage points.

Source: HRDC, Social Policy Directorate staff analysis, based on Statistics Canada special tabulations from the SPSD/M.

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Source: HRDC, Social Policy Directorate staff analysis, based on Statistics Canada special tabulations from the SPSD/M.

low-income line and the second family needed $250. The low-income gap of these two families would be $1,250 ($1,000 + $250) and the average low-income gap would be $625 ($1,250 / 2 families). If, because of the NCB, both families had seen an increase in income of $750, the first family would still need $250 ($1,000 -$750) to reach its low-income line. While the second family would move out of low income by $500. As a result, with the NCB, the low-income gap would be $250 and the average low-income gap would be $250 ($250 /1 family). As this example illustrates, even though both families experienced an increase of $750 in their income because of the NCB, the decline in the average low-income gap would be $375 ($625 - $250).

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[4] This decline is lower than the average increase in income of low-income families because it does account for families who moved out of low income due to the NCB (see example on previous page).

Appendix 4 – Summary of an Expert Report on NCB Impact

This is a summary of an expert report prepared by the Centre for the Study of Living Standards (CSLS) for the National Child Benefit (NCB) Working Group. The report was to evaluate the impact of the income component of the NCB on low-income status of families with children in Canada in 1999 and estimate its projected impacts in 2004.

The simulation methodology developed for this study by the CSLS (with the support of Statistics Canada) is similar to the one discussed in Chapter 4. It is based on a comparison of a one-child benefit structure which includes the NCB and another hypothetical child benefit structure which ignores the implementation of the NCB as discussed in Chapter 4. In particular, it uses 1996 as a base year to fully isolate the impact of the income component of the NCB in 1999 and projected impacts to 2004. The main differences from the methodology discussed in Chapter 4 are as follows:

- Simulations are based on the SPSD/M without Statistics Canada's adjustments to social assistance data.
- Results for 1999 are based on the July 1999 NCB rules (i.e. child benefit program parameters) imposed on the 1997 population, real income, and tax/transfer system.
- Simulations include the impacts of the NCB in 2004, based on the 2004 NCB rules (i.e. child benefit program parameters) announced by Canadian jurisdictions to date. These 2004 NCB rules are imposed on the 1997 population, real income, and tax/transfer system.

TABLE 5

Simulated Changes for All Low-Income Families with Children in 1999

	PRE-TAX LICOS	POST-TAX LICOS	POST-TAX LIM
Decline in Incidence of Low Income Among Families with Children*	-0.6%	-0.7%	-0.7%
Change in Low-Income Gap (in millions of dollars)	**-370**	**-295**	**-200**
Percentage Change in Low-Income Gap	-5.9%	-7.9%	-9.6%

*Decline in incidence of low income is expressed in percentage points.

Source: Expert Report from the Centre for the Study of Living Standards to HRDC, March 2002. Publication forthcoming in 2002.

Note: Amounts reported by the CSLS were in 1997 dollars. For consistency, they were converted and are expressed in 1999 dollars using the all items Consumer Price Index.

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	[illegible]	[illegible]	[illegible]
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Note: Amounts reported by the CSLS were in 1997 dollars. For consistency, they were converted and are expressed in 1999 dollars using the all items Consumer Price Index.

Detailed results are to be released by the CSLS in the spring or summer of 2002. The simulations allow for the examination of changes in the level of income of families in a given year as a result of the NCB. However, these simulations ignore any effect the NCB may have had on families' labour market decisions, as a result of the improvement brought by the NCB in the way child benefits and services are provided to low-income families with children.

While the CSLS report provides detailed simulation results by family type, Table 5 is limited to some results for all families with children. These aggregated results show a decline in the proportion of all families living in low income and a reduction in the aggregated low-income gap for the three low-income measures used for 1999. These results corroborate the impact on low-income rates (incidence) and gaps (depth) discussed in Chapter 4, as they are of similar magnitude.

Due to the limitation of historical data to the year 1999, the CSLS has used the SPSD/M to simulate the impacts of the 2004 NCB cash component elements on low-income rates and gaps. As shown in Table 6, the simulated impacts for all families with children in 2004 are greater than they were in 1999 (Table 5).

While the simulated impact on the proportion of families below the pre-tax LICOs shows a decline of 0.6 percentage points in 1999 (Table 5), this proportion declined by a projected 1.1 percentage points in 2004 simulations, as shown in Table 6. As a last example using the pre-tax LICOs measure, the low-income gap in 1999 was reduced by about $370 million (Table 5), while this decline is projected to be $660 million in 2004 simulations. Based on these measures, the proportion of families moving out of low income and the change in the low-income depth are projected to be 1.8 times larger in 2004 than they were in 1999.

The CSLS report notes that the improvement in the economic well-being of low-income families with children would be even larger if the impact of provincial in-kind programs under the NCB initiative was included and if more accurate information on the duration of social assistance spells was available in national surveys.

TABLE 6

Simulated Changes for All Low-Income Families with Children in 2004

	PRE-TAX LICOS	POST-TAX LICOS	POST-TAX LIM
Decline in Incidence of Low Income Among Families with Children*	-1.1%	-1.6%	-1.2%
Change in Low-Income Gap (in millions of dollars)	**-660**	**-520**	**-355**
Percentage Change in Low-Income Gap	-10.7%	-14.2%	-16.9%

*Decline in incidence of low income is expressed in percentage points.

Source: Expert Report from the Centre for the Study of Living Standards to HRDC, March 2002. Publication forthcoming in 2002.

Note: Amounts reported by the CSLS were in 1997 dollars. For consistency, they were converted and are expressed in 1999 dollars using the all items Consumer Price Index.

Detailed results are to be released by the CSLS in the spring or summer of 2002. The simulations allow for the examination of changes in the level of income of families in a given year as a result of the NCB. However, these simulations ignore any effect the NCB may have had on families' labour market decisions, as a result of the improvement brought by the NCB in the way child benefits and services are provided to low-income families with children.

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TABLE 6

Simulated Changes for All Low-Income Families with Children in 2004

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Decline in Incidence of Low Income Among Families with Children*	-1.1%	-1.6%	-1.2%
Change in Low-Income Gap (in millions of dollars)	**-660**	**-520**	**-355**
Percentage Change in Low-Income Gap	-10.7%	-14.2%	-16.9%

*Decline in incidence of low income is expressed in percentage points.

Source: Expert Report from the Centre for the Study of Living Standards to HRDC, March 2002. Publication forthcoming in 2002.

Note: Amounts reported by the CSLS were in 1997 dollars. For consistency, they were converted and are expressed in 1999 dollars using the all items Consumer Price Index.

Appendix 5 — Provincial, Territorial and First Nations NCB Initiatives

This appendix provides information on the National Child Benefit (NCB) initiatives that jurisdictions[5] have undertaken. Some of these initiatives are new programs or services, while others are enhancements to existing programs. This appendix includes descriptions, actual expenditure data for 1999-2000 and 2000-2001, and estimated expenditures for 2001-2002.

NCB initiatives are funded from two sources: reinvestment funds and investment funds. Reinvestment funds result from adjustments to social assistance payments that have been made by provinces and territories. Some jurisdictions have restructured social assistance to implement income-tested child benefits delivered outside of welfare and make no adjustment to child benefits when the NCB Supplement increases. For these jurisdictions, reinvestment funds represent the amount of "fixed" savings to the jurisdiction since the introduction of the NCB, carried forward on an annual basis. Investments funds are additional funds that some jurisdictions have chosen to devote to the NCB, over and above the reinvestment amounts. The data presented in this appendix represents the total of reinvestment and, where applicable, investment funds.

Sources of Reinvestment Funds

There have been three sources of reinvestment funds:

- social assistance/child benefit adjustments;
- Children's Special Allowance adjustments; and
- transitional assistance.

Social Assistance/Child Benefit Adjustments

Adjustments have been made in several ways:

- The NCB Supplement may be treated as income, thereby reducing the amount of social assistance payable to a family. This occurs in Prince Edward Island, Nova Scotia (until July 2001), Ontario, Manitoba, Yukon, the Northwest Territories and Nunavut.
- Social assistance rates may be reduced by the amount of the NCB Supplement. This occurs in Alberta.
- Provinces that have removed children's benefits from social assistance and integrated their child benefit with the federal child benefit may reduce the provincial portion of the benefit by the amount of the NCB Supplement. This occurs in Saskatchewan and British Columbia[6].

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[5] The Government of Quebec has stated that it agrees with the basic principles of the NCB. Quebec chose not to participate in the NCB because it wanted to assume control over income support for children in Quebec; however, it has adopted a similar approach to the NCB. Throughout this report, references to joint federal/provincial/territorial positions do not include Quebec.

[6] British Columbia has passed on the amount of the increase attributable to indexation.

- Newfoundland and Labrador, and Nova Scotia have restructured their respective income support programs to provide children's benefits through a separate, income-tested child benefit. For these jurisdictions, reinvestment funds represent the amount of "fixed" savings to the jurisdiction since the introduction of the NCB, carried forward on an annual, ongoing basis. These reinvestment funds are used to finance NCB initiatives, including the establishment of the Newfoundland and Labrador Child Benefit and the enhancement of the Nova Scotia Child Benefit.

Several jurisdictions have chosen to pass on part or the full amount of NCB Supplement increases to families receiving social assistance, without adjusting social assistance benefits. In 1998-1999, New Brunswick, and Newfoundland and Labrador chose not to adjust social assistance payments by the full amount of the NCB Supplement. New Brunswick continued to pass on the full amount of the NCB Supplement through 1999-2000. Newfoundland and Labrador redesigned its income support program in 1999-2000, with the introduction of the Newfoundland and Labrador Child Benefit as the provincial reinvestment initiative. In 2000-2001 and 2001-2002, Newfoundland and Labrador, New Brunswick and Manitoba did not recover the NCB Supplement increase to families receiving social assistance. In 2001-2002, Manitoba stopped recovering the NCB Supplement for children age six or under.

In all jurisdictions, no family receiving social assistance has experienced a reduction in its overall level of income support as a result of the introduction of the NCB.

Children's Special Allowance Adjustments

The Children's Special Allowance is paid on behalf of children who are in the care of provincial/territorial child welfare authorities. It mirrors the maximum Canada Child Tax Benefit payments, including the NCB Supplement. Jurisdictions have the option of passing on the increased amount to child welfare authorities for child maintenance costs, or recovering the increase. Newfoundland and Labrador, Prince Edward Island, Nova Scotia, Manitoba, Saskatchewan and Alberta have chosen to recover the increased amount, and it is considered to be available for NCB initiatives.

Transitional Assistance

Between July 1998 and June 1999, federal, provincial and territorial governments contributed equal amounts to ensure that no families that previously received the Working Income Supplement experienced a reduction in the overall benefits they received as a result of the introduction of the NCB Supplement.

Newfoundland and Labrador

Newfoundland and Labrador did not adjust social assistance benefits upon the introduction of the NCB. However, the province wanted to participate in the NCB initiative, so it determined the amount of funds it could have reinvested had it considered the NCB Supplement to be non-exempt income, and invested an equivalent amount in programs for low-income families.

In 1999, the Province redesigned its social assistance program with the introduction of the Newfoundland and Labrador Child Benefit (NLCB). Basic benefits for children were removed from the social assistance program and paid through the new NLCB. This restructuring resulted in all low-income families, including families in receipt of social assistance, receiving an increase in income as a result of the CCTB/NLCB. Since basic benefits for children are no longer included in the social assistance program, there will be no social assistance adjustments to correspond with future increases in the NCB Supplement.

Newfoundland and Labrador's initiatives include:

- **Newfoundland and Labrador Child Benefit** – This is a child benefit paid to low-income families jointly with the Canada Child Tax Benefit. Approximately 21,000 families with about 33,000 children receive this benefit. It is considered exempt income when calculating eligibility for social assistance benefits.

Newfoundland & Labrador's NCB Initiatives

($000)	1999–2000 Expenditures	2000–2001 Expenditures	2001–2002 Estimates
Child Benefits & Earned Income Supplements			
Newfoundland and Labrador Child Benefit	6,426	8,100	7,500
Child/ Day Care			
Unlicensed child care	**600**	**600**	**600**
Family Home Child Care Agencies	**479**	**237**	**650**
Child Care Subsidy Program	**1,538**	**1,887**	**2,650**
Funding to Centres	**–**	**255**	**350**
Child Care Program Supports	**463**	**450**	**475**
School-based Infant Care	**60**	**49**	**75**
Early Childhood Education Certification	**48**	**73**	**100**
Child Care Service Consultants	**266**	**300**	**300**
Supplementary Health Benefits			
Extended Drug Card Program	300	407	1,000
Early Childhood/ Children-at Risk Services			
Family Resource Centres	**949**	**1,200**	**1,150**
Post-Secondary Education and Training	**336**	**161**	**161**
Community Youth Networks	**708**	**1,817**	**1,817**
Residential/Mental Health	**964**	**964**	**964**
Other			
Administration	88	169	169
Total	13,225	16,669	17,961

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NEWFOUNDLAND & LABRADOR'S NCB INITIATIVES

($000)	1999–2000 EXPENDITURES	2000–2001 EXPENDITURES	2001-2002 ESTIMATES
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS			
Newfoundland and Labrador Child Benefit	6,426	8,100	7,500
CHILD/ DAY CARE			
Unlicensed child care	**600**	**600**	**600**
Family Home Child Care Agencies	**479**	**237**	**650**
Child Care Subsidy Program	**1,538**	**1,887**	**2,650**
Funding to Centres	**–**	**255**	**350**
Child Care Program Supports	**463**	**450**	**475**
School-based Infant Care	**60**	**49**	**75**
Early Childhood Education Certification	**48**	**73**	**100**
Child Care Service Consultants	**266**	**300**	**300**
SUPPLEMENTARY HEALTH BENEFITS			
Extended Drug Card Program	300	407	1,000
EARLY CHILDHOOD/ CHILDREN-AT RISK SERVICES			
Family Resource Centres	**949**	**1,200**	**1,150**
Post-Secondary Education and Training	**336**	**161**	**161**
Community Youth Networks	**708**	**1,817**	**1,817**
Residential/Mental Health	**964**	**964**	**964**
OTHER			
Administration	88	169	169
TOTAL	13,225	16,669	17,961

- **Extended Drug Card** – This initiative extends health care benefits to families for six months after they leave social assistance for employment. Approximately 600 families have this benefit each month.
- **Unlicensed Child Care** – This initiative provides financial support to families in receipt of social assistance requiring child care that do not have access to licensed child care in their community. Eligible families include those that require child care because of employment or post-secondary pursuits.
- **Family Resource Centres** – These programs provide drop-in supportive services and learning activities for young children and their families, with the goal of improving child development, supporting adults in care giving, and increasing community partnerships.
- **School-based Infant Care** – This initiative supports group infant care in high schools for students who require on-site care to continue in school. High school parents are encouraged to spend breaks and free time interacting with their baby and gaining parenting skills.
- **Child Care Subsidy** – NCB funding enhances the child care subsidy program for low-income families. The program has expanded its mandate to include children under two years of age and children cared for in licensed/regulated family home child care.
- **Child Care Program Supports** – This includes support for transportation to attend licensed child care, home-based support for young children with autism, and increased support for children with other disabilities who require special assistance to attend child care.
- **Funding to Centres** – This NCB initiative involves grants to licensed child care centres to upgrade facilities to meet the new requirements and to purchase new equipment.
- **Child Care Service Consultants** – This initiative supports the establishment/ maintenance of six new early childhood consultant positions located across the province. This adds to the licensing and program expertise available in the province.
- **Early Childhood Education Certification** – This funding supports distance education for child care workers and registration and orientation courses for early childhood educators.
- **Community Youth Network** – Nine community-based facilities have been established to provide services and support for young persons aged 12 to18 in learning, employment, community building and services. The projects are run by community coalitions (including youth participation) – a design intended to build partnerships and support young people.
- **Residential/Mental Health Services** – Funding is provided to regional Health and Community Services Boards to support youth aged 12 to 18 through residential services and mental health services for youth. The latter is often in the form of preventive and community-based counselling services.
- **Post-Secondary Education and Training** – Funding supports young persons in care who require assistance to attend post-secondary education. This support covers education and living expenses.

Prince Edward Island

The NCB in Prince Edward Island has a dual focus: to support parents to join and remain in the labour market, and to enhance early childhood services. The province has put in place a number of reinvestment initiatives that serve both purposes.

Prince Edward Island's initiatives include:

- **PEI Child Care Benefit** – This is an enhancement to the province's Child Care Subsidy Program. This initiative has provided increased access and financial support for licensed child care for up to 1,100 Island children.
- **PEI Family Health Benefit** – This program helps lower-income families with the cost of prescription drugs. Approximately 1,200 parents and children are enrolled for coverage in this program.
- **Children's Mental Health** – NCB funding allowed the establishment of a new initiative in 2000-2001: a multidisciplinary children's mental health clinical team. This team provides an improved response to Island families that have children with complex mental health problems. Approximately 500 children per year receive assistance.
- **Looking After Children** – NCB funds have been key to implementing this project, which delivers services to children in public care. The project has included the development of research-based policies, training for care providers, materials and review processes. Advances in programming benefit the more than 200 children who are in care at any given time.
- **Other Children in Care Initiatives** – NCB funds have been used to support the delivery of children in care services to more than 200 children in Prince Edward Island.

PRINCE EDWARD ISLAND'S NCB INITIATIVES

[illegible]	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
CHILD/ DAY CARE			
PEI Child Care Benefit	850	900	600
SUPPLEMENTARY HEALTH BENEFITS			
PEI Family Health Benefit	**50**	**60**	**150**
EARLY CHILDHOOD/ CHILDREN-AT RISK SERVICES			
Early Childhood Interventions*	150	352	–
Looking After Children	50	50	50
Children-in-Care Initiatives	–	88	150
Children's Mental Health	–	50	250
Healthy Child Allowance	–	–	700
OTHER			
Employment Enhancement/Job Creation	**200**	**200**	**200**
Literacy/Adult Basic Education	**100**	**100**	**100**
T[illegible]	1,400	1,800	2,200

* formerly Special Needs Grants.

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CHILD/ DAY CARE			
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SUPPLEMENTARY HEALTH BENEFITS			
PEI Family Health Benefit	**50**	**60**	**150**
EARLY CHILDHOOD/ CHILDREN-AT RISK SERVICES			
Early Childhood Interventions*	150	352	–
Looking After Children	50	50	50
Children-in-Care Initiatives	–	88	150
Children's Mental Health	–	50	250
Healthy Child Allowance	–	–	700
OTHER			
Employment Enhancement/Job Creation	**200**	**200**	**200**
Literacy/Adult Basic Education	**100**	**100**	**100**
TOTAL	1,400	1,800	2,200

* formerly Special Needs Grants.

- **Early Childhood Intervention** – The Healthy Child Development Strategy, implemented across Prince Edward Island, recognizes the importance of early intervention in the development of children. Services include pre-school intervention to children with autism, speech therapy innovation, and other related programs and services. Approximately 1,000 children benefit from this initiative.
- **Healthy Child Allowance** – This is a social assistance benefit that is payable to families with children under the age of 18 to provide for participation in sport, recreation and/or cultural activities. The benefit amount of $38 per month is provided to 1,350 households. It is estimated that 2,500 children benefit from this allowance.
- **Employment Enhancement and Job Creation Programs** – The NCB contribution has enabled approximately 140 parents on social assistance to upgrade their job skills and obtain employment.
- **Literacy/Adult Basic Education Program** – One of the stepping stones to independence is literacy. This program, delivered by the PEI Institute of Adult and Community Education, has helped make adult literacy education available at the community level. NCB funds help up to 125 parents on social assistance to take advantage of this program each year.

Nova Scotia

Consistent with this joint initiative of the federal, provincial and territorial governments, the Government of Nova Scotia offers special programs and services to help low-income families with children.

The Nova Scotia government has expanded and strengthened programs and services in child care, prevention and early intervention through the Healthy Child Development Initiatives, which are designed to give children a better start in life and to build a better future for children and our society. The Healthy Child Development Initiative Steering Committee consulted with community stakeholders in 1998.

In the fall of 2000, the Nova Scotia government introduced new legislation restructuring social assistance programs. The new system provided an opportunity to restructure children's benefits in Nova Scotia. Beginning in July 2001, provincial income support for low-income families with children through the social assistance system was replaced by integrating the NCB Supplement and the Nova Scotia Child Benefit. The integrated child benefits provide an estimated $97 million in direct support to 60,000 Nova Scotia children.

Transition for families on social assistance to employment is easier because social assistance recipients do not lose their children's benefits when they leave social assistance. Recoveries from social assistance are no longer made.

Nova Scotia's initiatives include:

- **Nova Scotia Child Benefit** – Introduced in July 1998, the benefit provides income support to low-income families with children. The Nova Scotia Child Benefit is delivered as a combined payment with the Canada Child Tax Benefit. In 1999-2000, Nova Scotia Child Benefit payments per child increased, and eligible income levels were raised. In July 2001, as part of Nova Scotia's redesign of its social assistance system, children's benefits were removed from social assistance. The Nova Scotia Child Benefit was enhanced and now provides a maximum annual benefit of $445 for the

NOVA SCOTIA'S NCB INITIATIVES

[illegible]	[illegible]	[illegible]	[illegible]
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS			
Nova Scotia Child Benefit	15,295	19,380	30,458
CHILD/ DAY CARE			
Centre-based and Family Child Care	**990**	**1,319**	**1,320**
EARLY CHILDHOOD/ CHILDREN-AT RISK SERVICES			
Early Intervention Programs	255	515	515
Community-based Prevention Programs	368	287	940
[illegible]	16,908	21,501	33,23[illegible]
UNSPENT REINVESTMENT FUNDS	2,520	629	

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NOVA SCOTIA'S NCB INITIATIVES

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Nova Scotia Child Benefit	15,295	19,380	30,458
CHILD/ DAY CARE			
Centre-based and Family Child Care	**990**	**1,319**	**1,320**
EARLY CHILDHOOD/ CHILDREN-AT RISK SERVICES			
Early Intervention Programs	255	515	515
Community-based Prevention Programs	368	287	940
TOTAL	16,908	21,501	33,233
UNSPENT REINVESTMENT FUNDS	2,520	629	

first child, $645 for the second child and $720 for the third child. When combined with the NCB Supplement, the maximum annual benefit is $1,700 per child in the 2001-2002 benefit year.

- **Centre-based and Family Child Care** – This initiative was expanded by increasing the number of subsidized spaces and providing for portable spaces across the province for children with special needs. Two hundred and thirty new subsidized spaces have been funded since 1998, including 30 spaces for children with special needs. It also provides subsidies to offset the cost of licensed child care supports to parents who need child care while they work or attend school.
- **Early Intervention Programs** – These programs have been enhanced to provide services for pre-school children with special needs. The goal of early intervention is to help pre-school aged children with developmental disabilities to reach their potential. Additional operating grants have been made to existing centres and new programs have been initiated to ensure that all families with children with special needs throughout the province have access to this service. Early interventionists work directly with children and their families in their homes and other environments to ensure that developmental progress is made in inclusive settings. There are 16 early intervention programs serving children.
- **Community-based Prevention Programs** – These programs will continue to be funded through recovery of the Children's Special Allowance. Community-based prevention programs build on existing programs to enhance prevention efforts across the province. Prevention programs are specifically designed to support low-income families.

New Brunswick

In 1998-1999, New Brunswick passed on the full value of the federal NCB Supplement to families on social assistance and has continued to pass on any increases to the NCB Supplement. In addition, starting in August 1998, the province made investments under the NCB initiative through increased funding for child care initiatives and the creation of the Alternative Child Care Program. The Alternative Child Care Program provides a day care subsidy to families that are not eligible for basic financial assistance and do not have reasonable access to licensed child care facilities.

New Brunswick continued to make new NCB investments in 1999-2000 and in 2000-2001, including expanding day care assistance, early childhood initiatives and children-at-risk services. In 2001-2002, further increases were made to the breastfeeding and breakfast programs.

New Brunswick's initiatives include:

- **Provincial Breastfeeding Strategy** – This initiative supports the promotion, protection and support of breastfeeding.
- **Healthy Minds Nutritional Partnership** – The pilot program (Healthy Minds Breakfast Pilot Program) addressed the nutritional needs of elementary school students by providing basic breakfast items. Approximately 2,150 children benefited from the pilot. The program was significantly expanded in 2000-2001. Renamed the Healthy Minds Nutritional Partnership, the program benefited as many as 7,276 students across the province in 2000-2001.
- **Day Care Assistance Program** – This initiative makes available an increased number of subsidized day care spaces.
- **Youth Addictions** – Enhanced funding provided increased education, prevention and chemical dependency treatment for approximately 794 children and youth aged 12 to 19 in 2000-2001.

NEW BRUNSWICK'S NCB INITIATIVES

[illegible]	1999-2000 [illegible]	2000-2001 [illegible]	2001-2002 [illegible]
CHILD/ DAY CARE			
Day Care Assistance Program	898	2,668	2,668
Alternative Child Care Program	271	600	600
EARLY CHILDHOOD/ CHILDREN-AT RISK SERVICES			
Breastfeeding Strategy	**40**	**130**	**210**
Healthy Minds Nutritional Partnership	**303**	**607**	**902**
Youth Addictions	**743**	**1,405**	**1,405**
Positive Learning Environment	**3,000**	**3,000**	**3,000**
[illegible]	5,255	8,410	8,785

New Brunswick

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Positive Learning Environment	**3,000**	**3,000**	**3,000**
TOTAL	5,255	8,410	8,785

- **Positive Learning Environment** – New funding was provided to address the unmet needs of children by identifying best practices for discipline in the school system when a positive environment alone is not enough. It includes setting limits for behaviour and identifying the responsibilities of all partners in the school system.

In addition to these NCB investments, New Brunswick has allocated an additional $11.5 million each year for child and youth programming and invested approximately $19 million annually in the New Brunswick Child Tax Benefit and the New Brunswick Working Income Supplement for low-income families with children.

Ontario

In Ontario, the provincial government and municipalities have made significant investments in NCB initiatives. Since social assistance is cost-shared between the province and municipalities, each has a role to play in Ontario's reinvestment strategy.

Total NCB reinvestment funds for 2001-2002 are estimated at approximately $194 million. The provincial share of these funds is estimated at $155 million and the municipal share is estimated at $39 million.

The main provincial reinvestment program is the Ontario Child Care Supplement for Working Families (OCCS). In 2001-2002, funding from the NCB and additional investments for the OCCS will total $215 million (including $40 million carried forward from the former Ontario Child Care Tax Credit). In 2001-2002, the province will also invest $40 million in the 4 Point Plan for Children's Mental Health and Children's Treatment Centres to help vulnerable children and their families.

Ontario's initiatives include:

- **Ontario Child Care Supplement for Working Families** – This program, created in 1998, provides low- to moderate-income working families with a benefit for each child under age seven. Families are eligible for the supplement if they have employment earnings exceeding $5,000 for the year, regardless of whether they have child care expenses. It is also available to families where parents are attending school or training programs and have qualifying child care expenses. The benefit is reduced by 8 percent of family income in excess of $20,000.

  In 1998-1999, the OCCS provided support to more than 200,000 families with 325,000 children. In 1999, the province enriched the supplement to a maximum annual benefit of $1,100 (up from $1,020) for each child under the age of seven. During 1999-2000, approximately 226,000 families with 365,000 children received benefits. In 2000-2001, Ontario introduced an additional benefit for single parents providing

ONTARIO'S NCB INITIATIVES

[illegible]	1999-2000	2000-2001	2001-2002
CHILD/ DAY CARE			
Ontario Child Care Supplement for Working Families*	153,782	157,544	175,000
EARLY CHILDHOOD/CHILDREN-AT-RISK SERVICES			
4 Point Plan on Children's Mental Health	**–**	**15,000**	**20,000**
Children's Treatment Centres	**–**	**–**	**20,000**
OTHER			
Municipal reinvestments	30,202	33,335	38,763
Total	183,984	205,879	253,763

* Figures exclude an additional $40 million previously committed to the former Ontario Child Care Tax Credit, bringing the totals to $194 million in 1999-2000, $197 million in 2000-2001 and an estimated $215 million in 2001-2002.

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Ontario's initiatives include:

- **Ontario Child Care Supplement for Working Families** – This program, created in 1998, provides low- to moderate-income working families with a benefit for each child under age seven. Families are eligible for the supplement if they have employment earnings exceeding $5,000 for the year, regardless of whether they have child care expenses. It is also available to families where parents are attending school or training programs and have qualifying child care expenses. The benefit is reduced by 8 percent of family income in excess of $20,000.

  In 1998-1999, the OCCS provided support to more than 200,000 families with 325,000 children. In 1999, the province enriched the supplement to a maximum annual benefit of $1,100 (up from $1,020) for each child under the age of seven. During 1999-2000, approximately 226,000 families with 365,000 children received benefits. In 2000-2001, Ontario introduced an additional benefit for single parents providing

ONTARIO'S NCB INITIATIVES

($000)	1999–2000 EXPENDITURES	2000–2001 EXPENDITURES	2001-2002 ESTIMATES
CHILD/ DAY CARE			
Ontario Child Care Supplement for Working Families*	153,782	157,544	175,000
EARLY CHILDHOOD/CHILDREN-AT-RISK SERVICES			
4 Point Plan on Children's Mental Health	–	**15,000**	**20,000**
Children's Treatment Centres	–	–	**20,000**
OTHER			
Municipal reinvestments	30,202	33,335	38,763
TOTAL	183,984	205,879	253,763

* Figures exclude an additional $40 million previously committed to the former Ontario Child Care Tax Credit, bringing the totals to $194 million in 1999-2000, $197 million in 2000-2001 and an estimated $215 million in 2001-2002

qualifying families with a maximum annual benefit of $1,310 for each child under the age of seven. Funding for the single-parent supplement represents additional provincial investment in low-income children.

- **4 Point Plan for Children's Mental Health** – The province is providing $20 million in 2001-2002 to address critical service areas in children's mental health. The plan supports intensive child and family services, mobile crisis services, telepsychiatry, and common intake and assessment tools.
- **Children's Treatment Centres** – The province has allocated $20 million in funding to support the development of innovative approaches to meeting the needs of children with special needs.
- **Municipal Reinvestment Strategies** – Ontario municipalities are implementing their own initiatives as part of Ontario's overall reinvestment strategy. These strategies, designed to meet local needs and priorities, include examples such as early intervention, child care, employment supports and prevention programs. The second annual report on municipal reinvestment strategies was issued by Ontario in March 2001. This report can be obtained from the Ontario Ministry of Community, Family and Children's Services Website at www.gov.on.ca/CSS. The next Ontario municipal report will likely be released in the spring of 2002.

For additional information on the Ontario Child Care Supplement for Working Families, visit www.rev.gov.on.ca/images/irie_occs-guide.pdf.

For further information about the programs for children and families provided by the Ministry of Community, Family and Children's Services, visit www.gov.on.ca/CSS.

Manitoba[7]

Manitoba has continued to build upon programs and services which help reduce and prevent child and family poverty, promote labour market attachment and foster early childhood development.

- **Child Day Care** – Since April 2000, funding for Manitoba's child care program has increased by over 27 percent, improving salaries for early childhood educators and providing additional subsidies for children. Increased funding has also been provided to integrate more children with disabilities into the child care system, and to expand the number of licensed child care spaces.
- **Children's Special Services** – Community-based services are provided to an increased number of families who support children with a mental and/or physical disability in their own homes.

MANITOBA'S NCB INITIATIVES

[illegible]	[illegible]	[illegible]	[illegible]
CHILD/ DAY CARE			
Child Day Care[2]	4,282	8,018	6,484
EARLY CHILDHOOD / CHILDREN-AT-RISK SERVICES			
Children's Special Services[2]	**1,000**	**921**	**437**
Healthy Child Manitoba:			
• Healthy Baby	**2,346**	**3,167**	**4,103**
• Adolescent Pregnancy Prevention Strategy	**425**	**334**	**358**
• Baby First	**2,447**	**3,041**	**4,290**
• Early Start	**902**	**894**	**1,042**
• Parent Support Project	**138**	**135**	**122**
• Parent-Child Centred Approach	**0**	**781**	**1,350**
• STOP FAS	**408**	**508**	**585**
• Special Needs Programs for Children in Schools	**241**	**670**	**836**
• Healthy Schools	**0**	**155**	**437**
• Other Programs	**181**	**145**	**658**
• Education, Training and Youth - ECDI	**0**	**0**	**500**
Early Literacy	**4,700**	**5,700**	**5,700**
OTHER			
Workforce Attachment	2,358	2,450	2,911
Building Independence/Social Assistance[2]	0	3,749	5,299
[illegible]	19,428	30,668	35,112

1 Funding for these programs includes remaining NCB Supplement recoveries, federal Early Childhood Development transfer ($11.1 million) and provincial revenue.

2 The amounts indicated for Child Day Care, Children's Special Services and Social Assistance represent new incremental funding amounts only and do not include base funding in place prior to the introduction of the NCB.

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[7] Effective July 2000, Manitoba discontinued recovering increases to the NCB Supplement for all families receiving income assistance. Effective July 2001, Manitoba stopped recovering the NCB Supplement for children age six and under.

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MANITOBA'S NCB INITIATIVES

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- **Healthy Baby** – The Manitoba Prenatal Benefit assists income-eligible pregnant women to meet their extra nutritional needs during pregnancy. Pregnant women and new mothers also have access to expanded community support programs.
- **Adolescent Pregnancy Prevention Strategy** – This strategy aims to reduce the number of adolescents who become pregnant before completing high school.
- **BabyFirst** – BabyFirst provides a three-year home visiting program for newborns and their families based on universal screening and is delivered through the community health system.
- **Early Start** – To enhance children's readiness to learn prior to school entry, Early Start provides a three-year home visiting program for families with children who have special social needs and are currently attending licensed child care.
- **Parent Support Project** – This project is a two-stage initiative aimed at providing support and assistance to "at-risk" adolescent mothers.
- **Parent-Child Centred Approach**– This approach brings resources together through community coalitions across the Province which support parenting, improve children's nutrition and literacy and build capacity for helping families in their own communities. Each parent-child centred coalition determines the unique form that activities will take based on the needs of the community.
- **STOP FAS** – STOP FAS is a three-year mentoring program for women at risk of having a child with fetal alcohol syndrome or fetal alcohol effects (FAS/FAE). Following from the success of two Winnipeg sites, STOP FAS was expanded to Thompson and The Pas in northern Manitoba.
- **Special Needs Programs for Children in Schools** – These programs provide funding for the development and operation of school-based interventions for students with severe and profound behavioural and emotional disorders.
- **Healthy Schools** – This is an initiative to link the health and education communities to promote healthy children and healthy schools.
- **Other Programs** – Consistent with the Healthy Child Framework, community-based organizations provide programming for at-risk mothers and children.
- **Education, Training and Youth Early Childhood Development Initiative (ECDI)** – ECDI assists school divisions and districts in their efforts to provide intersectoral services for pre-schoolers (birth to school age). ECDI, in partnership with Healthy Child Manitoba, is designed to facilitate pre-schoolers' readiness to learn prior to school entry.
- **Early Literacy** – This grant program supports efforts to accelerate the literacy development of the lowest achieving students in Grade 1.
- **Workforce Attachment** – New initiatives provide low-income parents with training and employment services to help them obtain and maintain employment.
- **Building Independence/Social Assistance** – Manitoba has increased supports for parents to enter or re-enter the labour market, has improved benefits for families receiving income assistance and has increased allowances for school supplies. Job centre supports and work incentives have been enhanced, and supports to help citizens become independent have been improved.

Federal/Provincial/Territorial Early Childhood Development Initiative

The Government of Manitoba is committed to supporting early childhood development – as demonstrated by new and expanded early years programming. Since April 2000, Manitoba has increased investments in early childhood development by approximately $29 million (included in the above columns for 2000-2001 and 2001-2002). Through a partnership with regional early years teams and parent-child centred coalitions, a continuum of services to support Manitoba children and families is being developed. The Province of Manitoba is pleased to acknowledge its partnership with the Government of Canada in supporting Early Childhood Development (ECD) initiatives. Of the $29 million incremental investment for ECD in Manitoba since April 2000, Canada contributed $11.1 million in 2001-2002.

Saskatchewan

NCB reinvestment funds, along with additional provincial investments, have been used by Saskatchewan to develop supports that help families move from welfare into work, and help prevent working families from falling onto social assistance. Saskatchewan's NCB reinvestment strategy is part of a broader strategic plan to develop mainstream supports that improve social and economic opportunities for people who are in marginalized or disadvantaged circumstances.

Saskatchewan's initiatives include:

- **Saskatchewan Child Benefit** – This payment to low-income parents is designed to help with the costs of raising a child. Together with the NCB Supplement, the program replaces social assistance for children, and provides child benefits to low-income families, whether parents are on social assistance or employed. Paying child benefits outside of social assistance makes it easier for parents to move to or remain in the labour market. The Saskatchewan Child Benefit is delivered as an integrated payment with the Canada Child Tax Benefit to reduce duplication and simplify administration. Over time, federal increases to the NCB Supplement will have the effect of reducing the number of families receiving the Saskatchewan Child Benefit.
- **Saskatchewan Employment Supplement** – This benefit is paid to low-income parents who are employed or receive maintenance payments. The supplement supports employment by offsetting child-related costs that a parent may incur through

SASKATCHEWAN'S NCB INITIATIVES

	1999–2000 EXPENDITURES	2000–2001 EXPENDITURES	2001–2002 ESTIMATES
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS			
Saskatchewan Child Benefit	17,020	20,090	18,990
Saskatchewan Employment Supplement	2,760	4,950	10,030
SUPPLEMENTARY HEALTH BENEFITS			
Family Health Benefits	**2,430**	**3,910**	**5,750**
OTHER			
Community Schools Program	–	–	3,230
[illegible]	22,210	28,950	38,000
ADDITIONAL PROVINCIAL REINVESTMENT**	22,870	6,840	2,950
[illegible] FUNDS	45,080	35,790	40,950

* Includes provincial revenue accrued from the increase in the Children's Special Allowance that Canada provides for children in care of the province. The 1999-2000 amount also includes the federal contribution to transitional adjustments for the Working Income Supplement. Reinvestment funding made available from these sources totalled $1.51 million in 1999-2000, $1.9 million in 2000-2001 and an estimated $2.4 million in 2001-2002.

** In addition to reinvestment funds, the province invested incremental funds up front to bring the benefits of a mature NCB to Saskatchewan families right away. This additional investment allowed the removal of children's basic benefits from the provincial social assistance program, and the extension of child benefits to low-income working families. As intended, the province's initial over-investment has gradually reduced over time, as subsequent federal increases have been made to the NCB Supplement.

working. It also improves incentives to collect maintenance payments by increasing the net value of the payment to the family. In 2001, maximum benefit levels were increased, and an additional benefit was provided to help offset child care costs for low-income working families with children under 13 years of age.

- **Family Health Benefits** – This program provides extended health benefits to low-income families with children. A full range of benefits is provided for children and partial benefits for adults. With this program, low-income families are assured of retaining health benefits as they leave social assistance for employment opportunities.
- **Community Schools Program** – This program provides a comprehensive and holistic range of supports and services to meet the needs of students, their families and their community in an environment that is culturally affirming. Community schools use community development processes to engage and empower families and communities. Located in low-income areas, community schools attempt to address the barriers to success in school and in life, by drawing parents and community resources such as social workers, nutrition workers and family literacy support into the schools.

The following table indicates the average number of children per month benefiting from NCB initiatives in Saskatchewan.

Children Benefiting from Saskatchewan's NCB Initiatives

	1999-2000 ACTUAL	2000-2001 ACTUAL	2001-2002 ESTIMATE
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS			
Saskatchewan Child Benefit*	75,300	67,820	57,800
Saskatchewan Employment Supplement	11,540	12,750	14,500
SUPPLEMENTARY HEALTH BENEFITS			
Family Health Benefits	**41,990**	**39,400**	**38,930**
OTHER			
Community Schools Program	–	–	17,000

* Benefits for an additional 20,200 children on reserve are paid by the federal Department of Indian Affairs and Northern Development.

Note: Many families receive benefits under more than one program.

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($000)	1999–2000 EXPENDITURES	2000–2001 EXPENDITURES	2001-2002 ESTIMATES
Child Benefits & Earned Income Supplements			
Saskatchewan Child Benefit	17,020	20,090	18,990
Saskatchewan Employment Supplement	2,760	4,950	10,030
Supplementary Health Benefits			
Family Health Benefits	**2,430**	**3,910**	**5,750**
Other			
Community Schools Program	–	–	3,230
Total reinvestment funds*	22,210	28,950	38,000
Additional provincial reinvestment**	22,870	6,840	2,950
Total Reinvestment and Investment Funds	45,080	35,790	40,950

* Includes provincial revenue accrued from the increase in the Children's Special Allowance that Canada provides for children in care of the province. The 1999-2000 amount also includes the federal contribution to transitional adjustments for the Working Income Supplement. Reinvestment funding made available from these sources totalled $1.51 million in 1999-2000, $1.9 million in 2000-2001 and an estimated $2.4 million in 2001-2002.

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Other			
Community Schools Program	–	–	17,000

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Note: Many families receive benefits under more than one program.

Alberta

Alberta's NCB initiatives complement existing government programs and services for low-income families with children. The province devotes reinvestment funds to the Alberta Child Health Benefit, child care subsidies, shelter supplement, school allowance benefits and earnings exemptions for families on social assistance, transitional funds for youth leaving child welfare programs, and prevention and early intervention strategies such as the Protection of Children Involved in Prostitution initiative.

Alberta's initiatives include:

- **Alberta Child Health Benefit** – This initiative addresses a significant barrier faced by low-income parents on assistance who are moving into the labour market. The benefit provides premium-free prescription drugs, optical and dental services, emergency ambulance transportation and essential diabetic supplies to children in low-income families.
- **Day Care Subsidy** – The province's day care subsidy program helps working parents remain in the labour market. In 2000-2001, Alberta allocated additional NCB reinvestment funds to raise the net income qualification levels for the child care subsidy, thereby assisting 12,000 children.
- **Shelter Supplement** – NCB reinvestment funding has been used to increase shelter benefits for families receiving social assistance.

ALBERTA'S NCB INITIATIVES

($000)	1999–2000 EXPENDITURES	2000–2001 EXPENDITURES	2001-2002** ESTIMATES
CHILD/DAY CARE			
Day Care Subsidy	6,200	6,300	6,300
SUPPLEMENTARY HEALTH BENEFITS			
Alberta Child Health Benefit*	**10,600**	**17,300**	**18,000**
EARLY CHILDHOOD/CHILDREN-AT-RISK SERVICES			
Child Prostitution Initiative	600	600	600
OTHER			
Shelter Supplement	**4,600**	**5,735**	**5,116**
School Allowance Benefit	**–**	**1,250**	**1,250**
Earnings Exemption Increase	**–**	**–**	**4,000**
Transitional Support for Youth Leaving Child Welfare	**–**	**937**	**1,250**
TOTAL	22,000	32,122	36,516**
UNSPENT REINVESTMENT FUNDS***	3,300	1,527	

* Alberta Child Health Benefit expenditures do not include benefits paid for children of upgrading students. The funding for this comes from reducing student assistance to offset part of the NCB Supplement received by students with children.

** Estimated expenditures exceed estimated available reinvestment funds. Provincial funds will be used to compensate for shortfalls, if applicable.

*** Unspent reinvestment funds are carried forward to subsequent fiscal years and devoted to NCB initiatives then.

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ALBERTA'S NCB INITIATIVES

[illegible]	1999-2000 [illegible]	[illegible] 2001 [illegible]	2001-200[illegible]
CHILD/DAY CARE			
Day Care Subsidy	6,200	6,300	6,300
SUPPLEMENTARY HEALTH BENEFITS			
Alberta Child Health Benefit*	**10,600**	**17,300**	**18,000**
EARLY CHILDHOOD/CHILDREN-AT-RISK SERVICES			
Child Prostitution Initiative	600	600	600
OTHER			
Shelter Supplement	**4,600**	**5,735**	**5,116**
School Allowance Benefit	**–**	**1,250**	**1,250**
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- **Protection of Children Involved in Prostitution** – This initiative is designed to keep children safe and support families. In 2001, youth were also provided with access to services such as drug and alcohol counselling, medical supports, counselling and psychological services, and educational and life skills support.
- **School Allowance Benefit** – NCB reinvestment funding is also used to provide school allowances for children whose parents receive assistance. The allowances offset registration fees, school and gym supplies, and other education-related costs. In 2000-2001, 23,000 school-aged children benefited from the $1.25 million allocated to this program.
- **Earnings Exemption** – Starting in December 2001, NCB reinvestment funding was allocated to increase the earnings exemption for families receiving social assistance. Single parents and families with two working parents on Supports for Independence (SFI) can now earn up to $230 per month before their SFI payment is reduced, doubling the previous employment earnings exemption. A new Employment Maintenance Benefit of $120 per year for parents with a part-time or full-time job will encourage parents to move toward independence.
- **Transitional Support for Youth Leaving Child Welfare** – Beginning in 2000-2001, Alberta reinvested in supports for youth making the transition from the Child Welfare program to independent living, including supported independent living, mentoring, and incentives and supports to pursue education or training. Approximately 1,350 youths benefited from this program.

British Columbia

British Columbia's NCB reinvestments are devoted to a range of programs benefiting low-income families with children. The province's commitment to this type of initiative began two years before the NCB was established, with the implementation of the BC Family Bonus.

British Columbia's initiatives include:

- **BC Family Bonus Increase** – The BC Family Bonus (BCFB) is a tax-free monthly benefit to low-income families with children. Benefits are combined with the Canada Child Tax Benefit (CCTB) into a single monthly payment. The BCFB was increased by $2 per child per month in 1999-2000 and another $6 in 2001-2002, to a maximum of $111 per child per month.
- **BC Earned Income Benefit** – This program makes it more attractive for those on welfare to seek work and remain employed. Like the BCFB, it is a tax-free monthly payment that is combined with the CCTB into a single monthly payment.
- **Supported Child Care** – Special Needs – This initiative makes sure children who need extra support are able to participate in "typical" community child care settings. In addition, a space-fee subsidy of up to $107 per month is available.
- **Foster Care 2000** – Foster Care 2000 provides for continuing improvements to training and support for foster parents.

BRITISH COLUMBIA'S NCB INITIATIVES

($000)	1999–2000 EXPENDITURES	2000–2001 EXPENDITURES	2001–2002 ESTIMATES
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS			
BC Earned Income Benefit	66,000	69,784	68,378
BC Family Bonus Increase	7,500	10,000	43,000
Family Earnings Exemption	11,850	17,936	18,212
CHILD/DAY CARE			
Supported Child Care	**3,000**	**1,000**	**3,800**
Before and After School Care	**–**	**14,000**	**23,550**
Child Care volume increase	**–**	**1,350**	**–**
EARLY CHILDHOOD/CHILDREN-AT-RISK SERVICES			
Building Blocks	2,670	–	–
Foster Care 2000	1,000	1,000	2,160
Youth Initiatives	5,830	5,830	12,480
Family Support Programs	10,950	28,400	30,190
Alcohol and Drug Strategy for Youth	3,150	6,450	6,580
Aboriginal Strategy	3,000	4,700	12,300
School-based Programs	–	1,500	1,500
OTHER			
Youth Community Action	**500**	**500**	**1,000**
Education Support for Families	**4,800**	**6,400**	**6,400**
Social Housing	**–**	**6,400**	**8,700**
Safe Schools	**1,000**	**1,000**	**1,000**
TOTAL	121,250	176,250	239,250

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BRITISH COLUMBIA'S NCB INITIATIVES

[illegible]	[illegible]	[illegible]	[illegible]
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS			
BC Earned Income Benefit	66,000	69,784	68,378
BC Family Bonus Increase	7,500	10,000	43,000
Family Earnings Exemption	11,850	17,936	18,212
CHILD/DAY CARE			
Supported Child Care	**3,000**	**1,000**	**3,800**
Before and After School Care	**–**	**14,000**	**23,550**
Child Care volume increase	**–**	**1,350**	**–**
EARLY CHILDHOOD/CHILDREN-AT-RISK SERVICES			
Building Blocks	2,670	–	–
Foster Care 2000	1,000	1,000	2,160
Youth Initiatives	5,830	5,830	12,480
Family Support Programs	10,950	28,400	30,190
Alcohol and Drug Strategy for Youth	3,150	6,450	6,580
Aboriginal Strategy	3,000	4,700	12,300
School-based Programs	–	1,500	1,500
OTHER			
Youth Community Action	**500**	**500**	**1,000**
Education Support for Families	**4,800**	**6,400**	**6,400**
Social Housing	**–**	**6,400**	**8,700**
Safe Schools	**1,000**	**1,000**	**1,000**
[illegible]	121,250	176,250	239,250

- **Youth Initiatives** – These programs are targeted to youth-at-risk. They include safe housing for sexually exploited youth and Youth Agreements, which provide financial, residential, educational and other support services to assist street youth, sexually exploited youth and other homeless youth in making a transition to adulthood and financial/social independence.
- **Family Support Programs** – These programs are intended to enhance family functioning, preserve family integrity and offer child development and parenting skills assistance to families.
- **Alcohol and Drug Strategy (Youth Component)** – This initiative has included funding for new youth detox beds, youth residential services beds, intensive day treatment programming, family and youth counsellors and strategies to address Fetal Alcohol Syndrome.
- **Aboriginal Strategy** – Funding is devoted to developing administrative and service structures and training staff who will develop and deliver services for children and families.
- **School-based Programs** – Funding is provided for community schools programs, inner city schools, school meals programs and other school-based programs. The NCB funding is an incremental increase in funding for these existing activities.
- **Youth Community Action** – This initiative gives young people the opportunity to earn credit for tuition fees while participating in approved community service projects. A maximum of $2,400 may be applied towards post-secondary tuition fees.
- **Students with Dependants** – This initiative represents a $50 per week social assistance increase to students with dependants. The initiative recognizes the challenges faced by students who are going to school while raising children.
- **Safe Schools** – The province's safe schools initiative provides funding for the development of violence prevention programs, raises awareness about safety issues, and addresses the factors that can lead to violence in B.C. schools.
- **Family Earnings Exemption** – A flat rate earnings exemption allows families on social assistance to keep up to $200 of earned income each month. This initiative provides added incentive for families on welfare to enter the labour market.
- **Before and After School Care** – In 2000-2001, government announced a new initiative to expand access to before and after school care for children in Grade 1 to 12 years old.
- **Child Care Subsidy** – Incremental Increase – Due to demand, in part created by increasing labour market involvement, additional funds were provided to the child care subsidy program to cover increased subsidy uptake for before and after school care.
- **Social Housing Subsidy** – The B.C. government has been actively increasing availability and access to affordable housing for low-income families in British Columbia. As new housing is completed, subsidy expenditures for families increase year over year.

Yukon

Yukon has invested in early childhood services, children-at-risk services, supplementary health benefits and a child benefit. These programs have been supported through reinvestment and investment funds.

Yukon's initiatives include:

- **Healthy Families Initiative** – In partnership with public health nurses and healthy family support workers, this program provides in-home assistance and education to new parents, to ensure that infants receive care and stimulation that is so crucial to their healthy development and long-term well-being. The program also provides supports to parents who are adapting to life with an infant and learning the skills they need to care for the child. In addition to screening each of 206 annual births, approximately 18 families and 18 children were estimated to benefit from intensive follow-up services under this initiative in 1999-2000. In 2000-2001, 41 families and 54 children benefited from this program, in addition to the screening of 400 births. It is estimated that 99 families were served in 2001-2002.
- **Kids' Recreation Fund** – The Kids' Recreation Fund has been designed to help children whose families are experiencing financial hardship to actively participate in organized recreational programs. The fund covers registration fees, equipment and supplies for sports, arts, cultural, recreational or social activities. The fund was fully utilized and well received during its first year of operation, with approximately 180 families and 365 children benefiting during 1999-2000. Yukon estimates 360 families and 760 children benefited from this program during 2000-2001.
- **Yukon Children's Drug and Optical Program** – This program is designed to assist low-income families with the cost of prescription drugs and eye care for children up to 18 years of age. Families with income between $24,501 and $63,501, depending on the number of children, must pay a deductible. Benefits include prescription drugs, some medical supplies, eye examination and glasses. The Yukon government has estimated that approximately 291 children benefited from this program during

YUKON'S NCB INITIATIVES

($000)	1999–2000 EXPENDITURES	2000–2001 EXPENDITURES	2001-2002 ESTIMATES
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS			
Yukon Child Benefit*	325	357	500
SUPPLEMENTARY HEALTH BENEFITS			
Children's Drug/Optical	**38**	**42**	**62**
EARLY CHILDHOOD SERVICES/CHILDREN-AT-RISK SERVICES			
Kids' Recreation Fund	3	69	69
Healthy Families	253	397	465
TOTAL	619	865	1,096

* Not including funds recovered from the federal Department of Indian Affairs and Northern Development.

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YUKON'S NCB INITIATIVES

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CHILD BENEFITS & EARNED INCOME SUPPLEMENTS			
Yukon Child Benefit*	325	357	500
SUPPLEMENTARY HEALTH BENEFITS			
Children's Drug/Optical	**38**	**42**	**62**
EARLY CHILDHOOD SERVICES/CHILDREN-AT-RISK SERVICES			
Kids' Recreation Fund	3	69	69
Healthy Families	253	397	465
Total	619	865	1,096

* Not including funds recovered from the federal Department of Indian Affairs and Northern Development.

1998-1999. Approximately 355 children benefited during 1999-2000, 358 children in 2000-2001 and 362 children in 2001-2002.

- **Yukon Child Benefit** – This program is a new investment initiative designed to ensure that social assistance and low-income working families in Yukon receive financial support to help with the costs of raising children. Yukon families in receipt of the Canada Child Tax Benefit (CCTB), which includes the NCB Supplement, are automatically considered for the Yukon Child Benefit. The benefit supplements the CCTB and is based on the same objectives and principles. The benefit is tax-free and is not considered to be income when calculating social assistance benefits. The full benefit of $300 per year per child is available for families with net annual incomes below $16,700. Those with incomes above that level receive reduced benefits, which are fully eliminated at income levels of $28,700 for one- and two-child families, and $34,700, $40,700 and $46,700 for three- four- and five-child families respectively. Approximately 1,357 families and 2,500 children benefited during 1999-2000 and 2000-2001.

All of the Yukon initiatives were put in place to support the government's Anti-Poverty Strategy and its emphasis on supporting healthy children, healthy families, healthy communities and recognizing the long-term benefits of early childhood interventions. These initiatives also represent an integration of health and social services programming.

Northwest Territories

The Government of the Northwest Territories' NCB initiatives include the NWT Child Benefit and the Healthy Children Initiative. The NWT Child Benefit includes an additional benefit called the Territorial Workers' Supplement, available to low-income families with employment income in the previous year. In order to reduce duplication and streamline delivery, Canada Customs and Revenue Agency delivers the benefits for the Northwest Territories, as an integrated payment with federal child benefits.

- **NWT Child Benefit** – This is a cash benefit, which provides a maximum of $330 per child for families with income of $20,921 or less in the previous year. The Territorial Workers' Supplement provides families that earned at least $3,750 in working income the previous year, with annual benefits that reach a maximum, based on working income of $10,000, of $275 for the first child and $75 for the second. An estimated 4,900 children in 2,500 families received the NWT Child Benefit in 2001-2002. NWT Child Benefit payments have reduced each year since the program was implemented, indicating that fewer families are eligible for this income-tested program targeted at low-income families. This is attributed to an increase in well-paying, full-time employment opportunities available in the Northwest Territories in the late 1990s due to developments in the mining, oil and gas, and service sectors.
- **Healthy Children Initiative** – This program is recognized as playing a major role in communities, by providing programs for children up to six years of age and their families. Funding, based on written proposals, is provided to community groups to plan and deliver programs specifically tailored to meet the needs of that community. The incremental funding provided by the increase to the NCB in 1999-2000 and 2000-2001 allowed for more program development and delivery to address the developmental needs of young children and their families.

In September 2001, the NWT government released two documents: *Framework for Action: Early Childhood Development* and *Early Childhood Development: An Action Plan*. These documents form the blueprint for action to expand and enhance early childhood development initiatives. These activities are focused in four key areas: health and wellness, and risk prevention; parenting and family supports; child development care and learning; and community supports and community building. NCB reinvestment programs will complement and support the initiatives introduced in the *Early Childhood Development Action Plan*.

NORTHWEST TERRITORIES' NCB INITIATIVES

($000)	1999-2000 EXPENDITURES	2000-2001 EXPENDITURES	2001-2002 ESTIMATES
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS NWT Child Benefit/Territorial Workers' Supplement	1,990	1,773	1,775
EARLY CHILDHOOD SERVICES/CHILDREN-AT-RISK SERVICES **Healthy Children Initiative**	**157**	**367**	**419**
[illegible]	2,147	2,140	2,194

Nunavut

The Territory of Nunavut has been in existence since April 1, 1999. Many programs and systems are still in the early stages of development. Nunavut's reinvestments include the Nunavut Child Benefit and the Territorial Workers' Supplement, as well as funding for the Healthy Children Initiative.

Nunavut's initiatives include:

- **Nunavut Child Benefit** – This benefit is paid to all families with net income of $20,921 or less in the previous year. These families receive $330 for each eligible child under the age of 18 living at home.
- **Territorial Workers' Supplement** – This is an additional benefit for working families with children under the age of 18 living at home, which can receive up to $275 for the first child and $75 for the second. To qualify, the family must have earned income of at least $3,750 in the previous year.
- **Healthy Children Initiative** – This initiative focuses on the healthy development of children up to the age of six through the improvement or expansion of community-based programs and services for young children and their families.

NUNAVUT'S NCB INITIATIVES

($000)	1999–2000 Expenditures	2000–2001 Expenditures	2001–2002 Estimates
Child Benefits & Earned Income Supplements			
Nunavut Child Benefit/Territorial Workers' Supplement	1,960	2,287	2,300
Early Childhood Services/Children-at-Risk Services			
Healthy Children Initiative	**372**	**486**	**323**
Total	2,332	2,773	2,623

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CHILD BENEFITS & EARNED INCOME SUPPLEMENTS			
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Total	2,332	2,773	2,623

First Nations

In assessing these figures, the following points should be noted:

- Bands funded under multi-year funding arrangements (e.g. Alternative Funding Arrangements, Financial Transfer Agreements and Canada/First Nation Funding Agreements) are excluded from the totals for British Columbia, Alberta, Ontario and the Atlantic.
- As the territorial governments provide funding for social assistance and NCB-related initiatives in the Northwest Territories and Nunavut, reinvestments in these areas are not included.
- Self-governing bands in the Yukon are excluded.
- Figures for the Atlantic region do not include New Brunswick.
- For Quebec, the amount includes savings from the New Family Allowance and the NCB Supplement. The total includes multi-tiered estimated savings in eight communities.
- In the Ontario region, the amounts listed do not include sole support cases that were still with the provincial Ministry of Community, Family and Children's Services but may have been transferred later.
- The Additional Reinvestment Envelope includes funding that was added as a result of provincial/territorial investments made on top of NCB reinvestments. Additional funding was contributed to make sure First Nations children had access to a comparable level of NCB-related funding.

Funds Available for First Nations' NCB Initiatives ($000), 1999-2000 to 2001-2002

REGION	1999-2000	2000-2001	2001-2002 ESTIMATE
Yukon	300.0	264.1	483.7
British Columbia	3,470.0	4,324.0	5,454.0
Alberta	7,000.0	9,667.2	13,091.3
Saskatchewan	8,600.0	11,440.8	9,921.0
Manitoba	8,400.0	7,785.6	6,000.0
Ontario	3,500.0	5,217.5	7,279.7
Quebec	8,500.0	8,539.5	8,539.5
Atlantic	2,100.0	3,000.0	3,000.0
SUB-TOTAL	**41,870.0**	**50,238.7**	**53,769.2**
Additional Reinvestment Envelope – Saskatchewan and Yukon	8,340.0	4,039.2	5,762.9
TOTAL	**50,210.0**	**54,277.9**	**59,532.1**

Expenditures on First Nations NCB Initiatives, by Program Type, 1999-2000 and 2000-2001 ($000)

PROGRAM TYPE	1999-2000	2000-2001
Child/Day Care	584.2	617.0
Child Nutrition	2,527.6	5,002.7
Early Child Development	1,918.1	3,463.2
Employment Opportunities/Training	2,729.9	5,078.5
Community Enrichment	5,412.8	8,821.5
SUB-TOTAL	13,172.6	22,982.9
ADDITIONAL EXPENDITURES BY FIRST NATIONS WITH MULTI-YEAR AGREEMENTS AND COMPREHENSIVE FUNDING AGREEMENTS	28,697.4	27,255.8
ADDITIONAL REINVESTMENT ENVELOPE	8,340.0	4,039.2
TOTAL	50,210.0	54,277.9

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Quebec	8,500.0	8,539.5	8,539.5
Atlantic	2,100.0	3,000.0	3,000.0
[illegible]	41,870.0	50,238.7	53,769.2
ADDITIONAL REINVESTMENT ENVELOPE Saskatchewan and Yukon	8,340.0	4,039.2	5,762.9
[illegible]	50,210.0	54,277.9	59,532.1

Expenditures on First Nations NCB Initiatives, by Program Type, 1999-2000 and 2000-2001 ($000)

[illegible]	[illegible]	[illegible]
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[illegible]	[illegible]	[illegible]
ADDITIONAL EXPENDITURES BY FIRST NATIONS WITH MULTI-YEAR AGREEMENTS AND COMPREHENSIVE FUNDING AGREEMENTS	28,697.4	27,255.8
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Citizenship and Immigration Canada

Citizenship and Immigration Canada (CIC) administers the Resettlement Assistance Program (RAP) for government-assisted refugees. The program has two components: income support and a range of immediate essential services. RAP provides income support normally for up to 12 months or until clients become self-sufficient, whichever comes first. Clients who are not self-sufficient at the end of RAP income support transfer to provincial social assistance.

The Kosovo movement was a special two-year initiative under RAP and, with a few exceptions, most clients stopped receiving income support benefits in May and June 2001.

To ensure that the transfer from federal to provincial income assistance is seamless, CIC regional/local offices follow their provincial counterparts' lead when adjusting RAP income support for the purposes of the National Child Benefit (NCB) Supplement.

The funds available as a result of the income support adjustments are reinvested into the following benefits for children in refugee families.

- The **NCB Transportation Allowance** assists families in getting to medical appointments, day care services and other settlement services for newcomers.
- The **Children Under 6 Years Allowance** is a benefit that recognizes the additional costs associated with young children.
- The **School Start-up Allowance** is a once per year benefit to assist families in preparing their children for school.
- The **Newborn Allowance** assists clients with the purchasing of essentials for a new baby (e.g. crib, stroller, formula).

CITIZENSHIP AND IMMIGRATION CANADA'S NCB INITIATIVES

($000)	1999–2000 ESTIMATES	2000–2001 ESTIMATES	2001-2002 ESTIMATES*
CHILD BENEFITS & EARNED INCOME SUPPLEMENTS			
Children under 6 Allowance/Newborn Allowance /School Start-up Allowance	440	562	432
OTHER			
Transportation	**1,903**	**2,554**	**2,412**
TOTAL	2,343	3,116	2,844

* Estimated expenditures for 2001-2002 have decreased due to the phasing out of the Kosovo movement initiative.

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CITIZENSHIP AND IMMIGRATION CANADA'S NCB INITIATIVES

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OTHER			
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[illegible]	2,343	3,116	2,844

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Appendix 6 – Additional Statistical Information

These additional statistical tables supplement the information contained in this report. They provide information on low income and labour market participation trends and are on the Internet at http://www.nationalchildbenefit.ca.

Table 1a: Pre-tax LICOs, Income thresholds, by family size and community size, 1999

Table 1b: Post-tax LIM, Income thresholds, by family size and composition, 1999

Table 1c: Post-tax LICOs, Income thresholds, by family size and community size, 1999

Table 2: LICOs & LIM - Number and percentage of families below the low-income thresholds, by family type, Canada, 1984 to 1999

Table 2a: LICOs & LIM - Number and percentage of children under 18 below the low-income thresholds, by family type, Canada, 1984 to 1999

Table 3a: Pre-tax LICOs - Percentage by which family income is below or above the low-income thresholds, by family type, Canada, 1984 to 1999

Table 3b: Post-tax LIM - Percentage by which family income is below or above the low-income thresholds, by family type, Canada, 1984 to 1999

Table 3c: Post-tax LICOs - Percentage by which family income is below or above the low-income thresholds, by family type, Canada, 1984 to 1999

Table 4: LICOs & LIM - Average market income of low-income families as a percentage of the low-income thresholds, by family type, Canada, 1984 to 1999

Table 5: LICOs & LIM - Average total weeks worked for pay by all adults in low-income families, by family type, Canada, 1984 to 1999

Table 6: LICOs & LIM - Percentage of weeks worked full time for pay by low-income families, by family type, Canada, 1984 to 1999

Table 7: LICOs & LIM - Percentage of low-income families employed for pay during the year, by family type, Canada, 1984 to 1999

Table 8: Estimated number of single-parent and two-parent families with children under 18 receiving social assistance, Canada, March of each year, 1987 to 2001

Appendix 7 – The National Child Benefit Governance and Accountability Framework

Introduction

Ministers Responsible for Social Services, representing the Government of Canada and provincial and territorial governments, with the exception of Quebec, have jointly agreed to develop and implement the National Child Benefit (NCB). The NCB is an innovative and progressive approach for investing in Canada's children. The effective implementation and ongoing management of the NCB requires a continuation of the spirit of collaborative partnership between the Government of Canada and provincial/territorial governments that has characterized its development.

This framework is intended to outline the partnership process that has guided the development of the NCB and which Ministers now wish to see reflected in the implementation and ongoing management of the program. This process emphasizes transparent and open communications between partners, de-emphasizes formalized, bureaucratic agreements between orders of government, and accentuates accountability to the general public.

This framework, read in conjunction with other NCB documents, records the key agreements, understandings and operating guidelines that govern the partnership between the Government of Canada and the provinces and territories on the NCB initiative.

Objectives and Operating Principles of the NCB

The objectives that partners have agreed to for the NCB are:

- to help prevent and reduce the depth of child poverty;
- to promote attachment to the workforce; and
- to reduce overlap and duplication.

The Government of Canada and provincial/territorial governments have also agreed on the following operating principles to guide development and implementation. They have agreed that the NCB:

- will be a partnership between the Government of Canada and provincial/territorial governments;
- will require a significant, incremental and permanent investment by the Government of Canada, as well as appropriate and complementary provincial/territorial investments benefiting children in low-income families;
- will be developed through a staged approach, with the initial investment representing a starting point to a more significant investment in the future – an investment that is sufficient to remove benefits for children from the welfare system;

- will see provincial and territorial governments reinvesting social assistance funds – made available by the Government of Canada's investment – in low-income families with children in a manner consistent with NCB objectives;
- will see the provinces and territories exploring whether incremental funds can be devoted to the provincial/territorial component of the NCB, fiscal resources permitting;
- will not result in the reduction of the overall level of income support for families receiving social assistance;
- will move toward simplified administration and delivery of children's benefits by governments, and simplified receipt of benefits for families with children; and
- should be considered one of a number of measures that will need to be employed as part of a comprehensive approach to child poverty.

The NCB is the foundation for a broad-based, multi-sectoral approach to ensuring that all of our children have a strong start in life. It is one of a number of strategies being developed within the context of the National Children's Agenda.

Partnership Between Governments

The Government of Canada and provincial/territorial governments have pledged to work together in developing and operating a coordinated system that will deliver the NCB. This partnership is characterized by:

- **Cooperation**: Building on methods which have been successful to date, governments will aim to reach decisions through negotiations and discussions, based on mutual respect and a spirit of cooperation, leading to consensual resolutions.
- **Openness**: Governments will work in an open and transparent manner in the development and operation of the NCB.
- **Flexibility**: In keeping with the objectives and operating principles of the NCB, each jurisdiction has the flexibility to develop programs and services and deliver them in a manner that best responds to the needs and priorities of its communities.
- **Evolution**: Building on experience and progress as the NCB is implemented, processes of working together within the partnership may be adapted as needed to achieve the goals of the initiative.
- **Accountability**: Governments have entered into this partnership to secure better lives for Canada's children and to enhance and promote program effectiveness, information sharing and learning. In assessing our progress, governments will emphasize accountability to the public.

Governance and Accountability Roles

The effective management of the NCB will require ongoing, timely and responsive decision making that takes into account the range of perspectives held by the partners. There will be ongoing discussion and decisions needed on issues, such as funding, design work on next installments, development of accountability and performance reporting, program delivery and related technical issues. Reflecting the processes that were established during the design and development stage of the initiative, decision making and accountability will flow from the following mechanisms:

- **Federal/Provincial/Territorial Ministers Responsible for Social Services**: The forum of Federal/Provincial/Territorial Ministers Responsible for Social Services shall constitute the principal mechanism for governance of the NCB. The Ministers will provide the overall strategic policy directions for the program at the national level; monitor and assess all aspects of implementation; identify areas of potential concern and seek solutions; and adjudicate and resolve disputes where required.

- **Federal/Provincial/Territorial Deputy Ministers Responsible for Social Services**: Federal/Provincial/Territorial Deputy Ministers Responsible for Social Services are delegated responsibility for general management, implementation and operation of the program under the direction of Ministers.
- **Federal/Provincial/Territorial NCB Working Group of Officials**: The role of a Federal/Provincial/Territorial NCB Working Group of Officials will be to support the mandate of Deputy Ministers and Ministers with respect to the NCB. This includes identifying, addressing and finding solutions for emerging issues.

Problem Solving

Promoting and contributing to an environment that seeks solutions to program problems, differences in perspectives and any other issues of concern will be the responsibility of all partners in the process. This is best achieved by an approach based on mutual interest and trust, and by working together in a manner that prevents problems from arising.

During the design and development stage of the initiative, the consensus approach has been effective, and the partners commit to building on this experience. Key ingredients in this approach are transparency in the actions of all partners and open, timely communication between partners.

Problem-solving mechanisms:

When issues arise, a number of processes are available to arrive at acceptable solutions. Issues can be referred for resolution to the Federal/Provincial/Territorial NCB Working Group of Officials, to Federal/Provincial/Territorial Social Services Deputy Ministers, or to Federal/Provincial/ Territorial Ministers Responsible for Social Services. The body selected for referral will remain optional, but the partners will endeavour to identify potential areas of concern in a timely fashion and seek resolutions using the most efficient and constructive route.

Some issues may be resolved through bilateral processes where appropriate. Bilateral agreements will be communicated and made available to other partners.

Partners agree and commit to using these problem-solving mechanisms before enacting alternative approaches.

Accountabilities

Within the context of this framework, a number of general accountabilities are recognized, including accountability for the effective management of the NCB by the government partners and the ensuing accountability for program effectiveness to the public. A primary goal of this framework is to emphasize processes that focus on the accountability to the public for program effectiveness and that minimize administrative reporting.

- Government to government:

  The partners have committed to the parameters of the NCB initiative as reflected in the official decisions of Federal/Provincial/ Territorial Ministers Responsible for Social Services. These commitments are summarized in the public information paper *The National Child Benefit: Building a Better Future for Canadian Children* (September 1997).

Each level of government undertakes to make provisions for the level of information sharing as agreed to by the partners and required for program management and implementation, as well as for program evaluation, including statistical and related data.

- Reporting to the public:

Reporting to the public is an integral part of the accountability framework. Ministers commit to providing, at least once a year, a report on the performance of the NCB initiative. Each government commits to provide the data for this purpose.

The report shall include data on Government of Canada investments made in the Canada Child Tax Benefit and beneficiaries; provincial/territorial reinvestments and any incremental investments, and beneficiaries; and results and outcomes achieved.

The partners commit to working toward a focus on program outcomes as the primary goal of reporting, recognizing that outcomes will become better measurable as program investments increase beyond initial levels.

The partners support the importance of evaluative and analytical work to ensure the appropriate and reliable measurement of program outcomes. The partners recognize the importance of ensuring that data provided for purposes of public reporting are open to public scrutiny.

Commitment to Continual Improvement

Evaluation, feedback from stakeholders and the public, and flexibility to adjust the NCB over time are important characteristics of the initiative that will ensure it remains relevant to changing economic and social circumstances.

This framework recognizes that the ongoing development and the evolution of the NCB may necessitate periodic review and updating of this statement by Ministers.

March 12, 1998